

# Government retreat may avert national coal strike

An official national miners' strike may be averted after unexpected concessions last night. The Government and the coal board agreed to withdraw the plan for 23 pit closures and to provide more state aid. Government circles agreed that the Prime Minister's paramount consideration had been to avoid an official strike [Page 3].

## Pit closure programme halted

Paul Routledge, Labour Editor, said the threatened national strike by the miners may be averted after a sudden retreat by the Government and the National Coal Board last night. More aid is to be made available to the industry and the plan for pit closures has been withdrawn. Under increasing pressure on unofficial strikes that are piling up outside of control the coalfields, Mr David Howell, Secretary of State for Energy, agreed to big concessions on the miners' two main demands: curtailment of coal exports and cash limits for the board. Mr Joseph Gormley, president of the National Union of Mineworkers, was hopeful after the four-hour meeting in his hall that the executive this morning will not recommend striking at the nation's 240,000 pits. "I hope the explanation we all give to the executive will be enough to convince them there is no need for a ballot", he said. "The whole situation is fluid." It became clear late last night, however, that the left of the Cabinet by continuing and extending the unofficial strikes that are engulfing more than half the coalfields. In Yorkshire, eight pits, including the country's largest, Kellingley, were reported to be out, and the militants expect to win further backing in the north. Mr Michael McGahey, vice-president of the NUM and a prominent leader of the strike, said: "I am very far from satisfied with the strike, which only amounts to promises to review the situation. On the real issues there is no concrete agreement." But the expectation, at least, was that Mr Gormley, reshaping his 15 to 100,000 majority of moderate votes, the NUM executive could still pressure to go to a not-entirely-ballot of the men in a recommendation for the action.

The board's withdrawal of the closure programme within hours of completing its announcement is expected to weigh heavily with the moderate majority. Mr Howell, flanked by junior ministers from the Welsh and Scottish offices and the Department of Industry, is understood to have told the mining unions that coal imports would fall from eight million tonnes to five and a half million tonnes this year, and the Government would provide aid to reduce that figure still further. There would be more cash to ease the financial difficulties of the coal board, from which operating subsidies are being withdrawn under the Coal Industry Act 1980. Mr Gormley said: "The Government has indicated that they are willing to make cash available to help the import situation and help the board's financial position. On that basis the board has withdrawn the statement they made on February 10 [the closure programme]."

The miners will now discuss with the board the industry's future within a more relaxed financial framework, but there will still be some colliery closures. "We have already admitted that there will have to be pit closures", Mr Gormley said. "Pits will close. That is a statement of fact. They come to the end of their life."

Further talks with Mr Howell are planned for next Wednesday when the size of the Government's help for the industry will become clearer. Mr Gormley would only say it would be "a lot of money". He did not deny that it could run into hundreds of millions of pounds. After last night's announcement, Mr Emyl Williams, president of the miners in South Wales, said the strike in his area would continue until the closure threat was withdrawn. In all parts of Britain, an area delegates conference would be needed before the South Wales strike could be called off, he added. Mr Jack Collins, the NUM's Kent area secretary, said Kent miners would not return to work until they receive "certain safeguards". He added: "We are dealing with cunning people and, for the present, the Kent miners have a guarded mistrust of the new situation."

The unofficial miners' strike spread rapidly yesterday before the announcement to Durham, Scotland, and Staffordshire. All the Scottish pits were at a standstill by night. In Yorkshire, the NUM area council meeting has been brought forward by three days to tomorrow. At the last round of local talks, early yesterday, the National Coal Board had announced five further colliery closures in Scotland and Yorkshire, bringing the final tally under the now-withdrawn shutdown programme to 23 and the number of jobs to be lost to 13,057. The men in Scotland had begun to walk out even before area management disclosed the intention to close Cardowan (1,178 jobs), High House (320), and Sorn (229), in addition to Lady Victoria (368), the closure of which had already been agreed. At the Yorkshire meeting the closures of Manor (250 jobs) and Park Hill (450) collieries were announced, in addition to Orgrave (520), which was already named, and Loft-house (600), which has been agreed. The strike in Durham began when miners at the doomed Sacriston colliery stopped work and went to picket the other mines named for closure. The men also struck at the Victoria pit in Staffordshire, which is listed for closure; and the Welsh miners set out to other collieries to spread the unofficial action that has halted their coalfield and Kent. Miners in South Wales are also pickinget power stations, beginning at Abercraf, near Barry, South Glamorgan. The Central Electricity Generating Board said it was going into any of the four power stations in South Wales, but there were stocks of 586,000 tonnes, enough for about five weeks. Coal crisis, page 3



Miss Susan Brown, aged 22, who will become the first woman to appear in the 152 years of the University Boat Race when she coxes the Oxford crew against Cambridge on April 4 to retain the Ladbrooke Trophy.

# Iran admits that jailed Britons are innocent

From Tony Allaway, Tehran, Feb 18  
An Iranian Christian has confessed to forging documents that led to the imprisonment of three British missionaries for months. A fourth Briton, Mr Andrew Pyke, has also been held. Ayatollah Muhammad Beheshti, the head of the Supreme Court, said that the four Britons, who have been jailed since August, would be freed "perhaps in a very short time". The confession would be filmed and shown on Iranian television. Ayatollah Beheshti told a press conference the four could leave prison after "administrative operations" had been completed. Asked when this might happen, he said: "I don't think it will be so long. But I don't know the details."

Diplomats were encouraged by the ayatollah's comments, which contradicted recent statements by Iranian officials that the Britons might be put on trial. Ayatollah Beheshti did not explain why the statements conflicted and left several other questions unanswered. He would not explain why the Iranian's confession should relate to Mr Pyke, a businessman whose case was not understood to be related to those of the three Anglican missionaries in prison. Miss Jean Waddell, and Dr John and Dr Audrey Coleman are the three missionaries. The ayatollah would not comment on what was keeping the four in prison. "I don't decide all this because the decision should be taken by a normal court, not the Supreme Court, and what I say is only the report on the case which the Revolutionary Court in Tehran has given to me."

He said the Iranian who had confessed to forging the documents, which purported to show the British missionaries as spies, was an employee of "one of the Christian missions in Iran". It was assumed he was referring to the Anglican Mission based in the central Iranian city of Isfahan, where a series of violent attacks have been carried out by members of the Church since the revolution. He said the Iranian who had confessed to forging the documents, which purported to show the British missionaries as spies, was an employee of "one of the Christian missions in Iran". It was assumed he was referring to the Anglican Mission based in the central Iranian city of Isfahan, where a series of violent attacks have been carried out by members of the Church since the revolution.

# Biggest tax cuts and spending curbs in first Reagan budget

From Frank Vogt, US Economics Correspondent, Washington, Feb 18  
The largest programme of tax cuts and non-military public spending cuts ever proposed by a United States Administration, was announced tonight by President Reagan. The programme demonstrates concern at the White House to strengthen national security by proposing a \$90,000m increase (\$40,000m) over the next four years in defence spending to a 1984 total of \$250,000m. The programme is designed to stimulate private investment and savings and reduce the Government's role in the economy. Public spending, as a percentage of gross national product, is planned to fall from about 23 per cent today to approximately 19 per cent in four years. A dramatic slow-down in the growth rate of public spending is proposed. Increases will be limited to 6 per cent compared to the 16 per cent of the last two years. In order to achieve this, while boosting defence spending, huge cuts are proposed in many areas—including a 26 per cent reduction in federal aid. The President's economic advisers predicted that the new programme will gradually reduce inflation, from today's 11 per cent to a projected 5.5 per cent by 1984. They also forecast that the budget will be balanced by 1984 and that economic growth, in real terms, will exceed 4 per cent next year and in subsequent years, after the 1.1 per cent achieved this year. Many of the public spending cuts are so far-reaching that President Reagan will find exceptional difficulty getting all his programme through Congress. Large cuts are proposed, for example, in extended unemployment benefits, government employment in the construction industry, support of a special black lung trust fund and in government supported health, food, education, housing and energy programmes. The tax burden on all Americans will be reduced by 30 per cent over the next three years and a half. Capital gains taxes will be gradually reduced and large tax incentives are proposed for business in order to stimulate investment in new plant and equipment. The Administration promised that as soon as Congress has enacted these tax cuts a new set of tax cutting proposals will be outlined to encourage individual saving and investment. Direct spending cuts of \$41,400m are proposed for the 1982 fiscal year, starting on October 1 but additional savings are advocated through increases in airport user charges and cuts in credit programmes so that overall Government spending might be down by \$50,000m from the level proposed by the Carter Administration. The combination of tax and spending cuts will reduce the budget deficit in the 1982 fiscal year by some \$9,000m to \$45,000m. This is expected to be halved in the 1983 fiscal year with a tiny surplus being seen in 1984. The Administration says the budget deficits will be financed by increased savings resulting from the tax cuts and not by borrowing. The budgets of the nation's endowments are to be cut by 30 per cent and spending on public broadcasting will go down by 25 per cent. Loan authorizations by the Export-Import Bank are to be cut by more than \$2,000m next year to \$4,000m. Foreign aid in the 1982 fiscal year is to be cut by \$1,854m to \$5,592m. Specific details were not announced today. The Administration also seeks considerable reorganization in the management of many government programmes. More than 40 separate health programmes have been brought together into a scheme where large blocks of funds will be given for state and local government use as appropriate. President's call, page 6  
Rough medicine, page 19

# Mr Harold Evans will become 'Times' editor next month

By Dan van der Vat  
The number of battles Mr Evans has fought will be long remembered. One of his heroes is the great Victorian editor, W. T. Stead, and it was from the editorial chair once occupied by that outstanding campaigner, at the Northern Echo in Darlington, that Mr Evans successfully pursued his campaign for a free pardon for the wrongly convicted and hanged Timothy Evans. After five years editing the Northern Echo, during which he won a Newspaper Design Award for reshaping the paper, Mr Evans became chief assistant to the editor of the Sunday Times, then Mr (later Sir) Denis Hamilton, in 1966, and was made joint managing editor shortly afterwards. He became editor in January 1967. The period has been marked by a long series of spectacular investigations, ranging from the Savandura car insurance swindle to false labelling of wine, from question-rigging in Parliament to brutality towards prisoners in Ulster and Israel, sanctions busting in Rhodesia, safety in the air and a string of financial investigations worthy of the Fraud Squad. The air at 200 Gray's Inn Road was often thick with writs. The longest and hardest struggle of them all was the great thalidomide case, the effects of which still rumble on in Parliament. An investigation of the unique tragedy, in which a sedative taken by thousands of pregnant women produced appalling deformities in their children, was completed in 1971, yet it was after all begun. Writs prevented its publication. Mr Evans fought the case all the way to the House of Lords and lost. Refusing to give up, he took the case to the European Commission of Human Rights, which found in his favour. The European Court of Human Rights followed suit, finding that the suppression of the article was an infringement of freedom of expression and making it necessary for Britain to retract its laws and rules on contempt of court. Among many awards, Mr Evans was named Journalist of the Year in the British IPC awards for 1973, International Editor of the Year 1975 by the American Atlas World Press Review and received the gold medal of the Institute of Journalists in Britain in 1979. Mr Giles is 62 and joined The Times as a foreign correspondent after war service and spent the period in the Foreign Office, including a time as private secretary to Mr Ernest Bevin. He joined The Sunday Times in 1961, a post he gave up in 1977. He will have two joint deputy editors: Mr Hugo Young, the present political editor, and Mr Ron Hall, editor of the paper's magazine.



Mr Harold Evans: Fighter of many memorable battles.

# Nuclear spending attacked by MPs

Nicholas Hirst  
An all-party parliamentary committee has questioned a need for a nuclear power programme of the type intended by the Government. In a sharply worded report, the committee, composed of members of the new departmental committees formed by this Parliament, criticises the demand for nuclear power as a costly and unnecessary means of generating electricity. The report does not attack the need for nuclear power as such, but it claims that the Government's plan to build 12 new reactors by 1995 is not justified on economic or industrial grounds. It remains unconvinced that there is an economic or industrial reason for the size of the programme mentioned in the 1979 White Paper. The committee believes it was misleading not to say that the figures were being revised downwards, even if precise figures were not known. "The credibility of much of the CEBG's subsequent evidence was undermined by this omission," the report states. The committee was deeply unhappy at the assumptions on cost produced by the CEBG, which implied that an American pressurised water reactor built in the United Kingdom would cost 24 per cent more than one built elsewhere. It recommends that the Secretary of State for Energy should order an immediate independent assessment of the suitability of the Canadian design, which has not so far figured seriously in decisions about which system should be built in Britain. Leading article, page 15

# 6% pay limit fixed for public sector

By David Felton, Labour Reporter  
The Government formally declared its intention last night to impose a 6 per cent limit on pay increases for about 1.7 million people directly employed by the state. The announcement produced, predictably, a hostile reaction from public service unions. The cash limit, which was announced in a Commons written answer by Geoffrey Howe, Chancellor of the Exchequer, had been foreshadowed by the 6 per cent pay offer already made to 530,000 white collar civil servants, and to more than 200,000 hospital ancillary staff and ambulance workers. Other groups of workers who will be offered 6 per cent include 450,000 nurses and midwives, 90,000 doctors and dentists, and 120,000 National Health Service administrative and clerical staff. Sir Geoffrey also announced that the cash limit for public sector expenditure, excepting pay, would be 11 per cent, the limit announced last November for local authorities. The limit for pay will apply to settlements due before August 1 and provisionally for settlements after that date. The 6 per cent offer to the white collar civil servants has been continued on page 2, col 4

# Judge orders 16 airlines to hand over £2m

A High Court judge ordered 16 foreign airlines to pay in damages £2m to the British Airports Authority in 21 days. The sum is the increase in landing charges imposed at Heathrow, London, from last April, which the airlines withheld and are disputing in a legal action.

# England lose by innings

Despite a brave innings of 70 by Boycott, England lost the first Test against West Indies by an innings and 79 runs. Boycott batted for five and a quarter hours but none of his colleagues matched him and England's second innings folded at 169 all out.

# Polish student pact

The threat of a nationwide strike by Polish students has been removed by an agreement reached between the University students and Mr Gorski, the Minister of Education. It gives the students the right to form an independent union and grants most demands of an academic character.

# 16 martyrs beatified

Sixteen priests and laymen who were tortured to death by the Japanese in the seventeenth century have been beatified by the Pope. Three million Filipinos watched the ceremony in Manila.

# Pay settlements leaving single figures

Most pay settlements are approaching single-figure levels. Department of Employment estimates figures for December show a rise in average earnings of less than 10 per cent a year, and the results of a survey of British industry settlements show that settlements are averaging between 8 and 9 per cent, a far cry from the 13 per cent in July and 12 per cent in August.

# Water strike backed

A gradual move towards Britain's first national water strike continued when dockers representing 3,000 water and sewage workers in south-east and other England voted overwhelmingly to reject the employers' "final" 10 per cent pay offer. The vote was taken as an official action was spreading in the North.

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## HOME NEWS

## Main aim of Prime Minister to avert strike

By Fred Emery  
Political Editor

The desperate wish to avert a coal strike was the paramount consideration for Mrs Margaret Thatcher in agreeing, in sudden reversal of her stated policy, to consider giving extra money to the coal board.

That was frankly acknowledged last night in government quarters, where it was accepted that explaining the difference between a prudent adjustment and a climbdown could pose severe difficulties.

Only eight days ago the Prime Minister had insisted that there would be no change and no intervention. At Commons question time she stated: "We have fixed the amount available for the industry. It is for the management of the National Coal Board to make the arrangements and we shall stand by those arrangements."

Mr David Howell, Secretary of State for Energy, said last night on ITN's News at Ten: "Total inflation has not fit in with real life. It is a fact of life that we are defending the change of plan."

After last night's meeting it is implicit that the £886m cash limit for next year will rise, although it was denied that it would be a big increase.

There were Opposition jeers last night at the Government climbdown. Mr John Grant, frontbench spokesman on employment, said that it was a remarkable U-turn.

## Some miners sceptical of closures retreat

By Richard Ford

The mood was mixed among miners at pits and social clubs last night when they heard of the National Coal Board decision not to go ahead with the closures plan. Many of them feared that they would eventually be sold out.

So high is the mistrust of government and board motives that miners were saying that the plan had just been postponed for another year.

Some, however, were more jubilant. At Manor colliery, near Wakefield, which had been on the closure list, Mr Peter Watkiss, NUM branch secretary, said that the men had grins from ear to ear.

"I think it is a bit of a reward for what we have done over the past few years. We have been producing more coal, we have lost men through pit closure and absenteeism has dropped tremendously."

He said he thought the men had shown the board they were united on the issue. "I think the Government and the board have had a bit of a shock at our mood, and I dare say some of Mrs Thatcher's backbenchers have obviously been worrying about what was developing."

At Hucknall, in Nottinghamshire, Mr "Nobby" White urged caution on miners. He feared the board might have something up its sleeve which it would reveal at a later date.

"I am not celebrating yet and I will want to wait and see what our national leaders say before I think it is a good deal."

"Clear victory", Mr Joseph Whelan, general secretary of Nottinghamshire's 34,000 miners, said last night: "It is clear victory for the National Union of Mineworkers and a total defeat for the Government and the coal board. The lady said she was not for turning but now she has become an expert in doing double somersaults" (Our Nottingham Correspondent writes).

"I am not really surprised at the news", Mr Whelan said. "We would have had the support of other trade unions and we would have intensified the picketing. That would probably have brought us into conflict with the law."

"There would not have been enough room in the jails in the land for all the miners who would go there. The Government have saved themselves the embarrassment of this situation."

Kent fears: In Kent, where miners had walked out, there were expressions of scepticism about the result of the talks and the apparent speed with which the coal board and the Government altered course (a Staff Reporter writes).

Mr Henry Garling, branch official, said: "I want to look at the small print very carefully, as my worry is that we could be in the same position in 1982. We have been through all this now. We certainly do not want to go all through it in a year's time."

Strike goes on: Ongrave colliery, at Sheffield, one of the South Yorkshire pits scheduled for closure, decided last night to start strike action, as planned (Our Sheffield Correspondent reports).

Hydrogen proved especially vulnerable to picketing miners in 1972. Since then it has been the policy of the Central Electricity Generating Board to install equipment for producing hydrogen on site.

The board could have made its coal supplies last even longer in a protracted miners' strike by making more intensive use of its oil-burning stations, many of which are working at half load because of reduced demand.

In the recent past coal reserves in the power stations have been below the eight-week level at this time of the year. But thanks to the recession and good deliveries from the coal fields, the electricity board has never been better placed to hold out against industrial action by workers outside the electricity supply industry, with the exception of the water workers.

The board's position is far stronger than in February, 1972. Contingency plans were radically revised after the miners' strike nine years ago.

## Stockpiling has some weaknesses

## Power stations face bigger threat from water strike

By Peter Hennessy

Big coal-burning power stations, the backbone of the national grid, could have withstood a siege of picketing miners for between eight and ten weeks had a national coal strike occurred.

The power supply industry is much more worried about the prospect of a national water strike. Should water supplies be cut off, power stations would be affected swiftly and output could be drastically reduced within two to three weeks.

To feed its boilers, a large coal-burning power station needs a very pure supply, far purer than drinking water. To achieve the necessary quality mains water is treated on site. Chlorine is one of the essential supplies stockpiled.

Since the national miners' strike of 1972, when the National Union of Mineworkers sent flying pickets to power stations up and down the country with great effect, strategic supplies have been stockpiled and kept on site to enable power stations to hold out for two months.

Slack demand this winter caused by the recession has meant that many of the 2,000 megawatt stations are operating only three of their four turbines and the period of self-sufficiency could be stretched to 10 weeks.

## Radical changes proposed in hospital staffing

By a Staff Reporter

Proposals for radical changes in the hospital staffing structure were put by doctors yesterday to the Commons select Committee on Social Services.

The proposals, from the Joint Consultants Committee, would lead to quotas being set by the Department of Health on the number of registrars health authorities could appoint in over-subscribed specialties such as general medicine and surgery.

More consultants would be appointed in these fields, with fewer junior staff under them, with the intention of establishing more training posts for junior doctors in under-subscribed specialties such as pathology, radiology and some branches of psychiatry.

Competition for posts for training in surgery and other popular specialties was excessive and leading to an unacceptable level of wastage, the committee, which is investigating medical education, was told. For some posts there were as many as 80 applicants.

It was also told that too many junior training posts had too great a service commitment to the National Health Service and provided too little training.

Overseas doctors, who make up a large proportion of junior hospital staff, suffered particularly, filling posts with poor training facilities and having little likelihood of receiving further training.

The consultants committee proposed some form of control on the numbers of overseas doctors to ensure that they received proper training. Such doctors should have to make arrangements to have a training post before coming to Britain.

## Labour councils to set up new policy group

By Christopher Werman

Local Government Correspondent

Leading members of the Labour Party in local government are to launch an association of Labour councillors on March 2 with the object of giving councillors a greater say in party policy.

The efforts of Labour groups in opposition to government's policies.

At a meeting at Blackpool last weekend during the Labour party local government conference a group of senior councillors rejected any proposals to bind candidates for council elections by loyalty oaths.

They also stated that policy differences should be settled within the party and that "to leave the party if one loses the argument is defeatist as well as divisive."

Mr Jack Smart, chairman of the Association of Metropolitan Authorities, one of the instigators of the new association, said yesterday that the response had been tremendous, and that more than 70 authorities had made firm commitments to join.

He added that it was not an organization of moderates. "It is a Labour Party organization. It is neither right nor left."

"We are going to stay in the party, but we are trying to demonstrate that we are local Labour parties. We want to emphasise that we will act responsibly and fight for the party."

Mr Smart said the association was being set up because of lack of support to Labour councils and groups for the party's national executive committee and the regional and local government sub-committee between September, 1979, and February 1981.

## Forces' strength still rising

The total strength of the Armed Forces continues to rise but shortages of suitable candidates in certain key categories are a cause for concern, the Ministry of Defence said yesterday.

In spite of a high level of applications there were shortages of Royal Navy full-career engineer officers and seamen and RAF officer entrants to navigator, engineer, administra-

tive (education), general ground duties and medical branches.

At the end of last December there were 333,915 men and women in the Services, 13,000 more than at March 31, 1980.

The Royal Navy's strength at the end of December was 65,798, which was 1,500 higher than at which was 1,500 higher than at the end of December 1979: the Army's 167,311 (8,000 higher than in the previous December); the RAF's 92,977 (up 4,500).



Mr David Howell, Secretary of State for Energy, Mr Joseph Gornley, president of the National Union of Mineworkers, and Sir Derek Ezra, chairman of the National Coal Board (right), outside the Department of Energy after the board withdrew its pit closure plan.

## South Wales jubilant at saving of 2,800 jobs

From Tim Jones

Cardiff

Miners throughout the South Wales coalfield were jubilant last night as news of the National Coal Board's apparent retreat spread throughout the mining communities.

At Coeogant colliery, whose miners spearheaded the attack against the closure programme by walking out on unofficial strike last Saturday, Mr Verdon Price, the lodge secretary, said: "Thank God that commonsense

has won the day. We did not want to bring the Government down but we were determined to fight for our jobs. Job security means more than anything."

Mr Terence Thomas, the miners' agent for west Wales, said: "My initial reaction is one of extreme pleasure. Commonsense has prevailed. If we have saved the 2,800 jobs threatened in the South Wales coalfield then I am delighted."

But miners were last night told to maintain their pickets

until told officially by the National Union of Mineworkers' executive to end their strike action.

At Britannia colliery, in Gwent, where 511 jobs were to go, Mr Thomas Bowden, the lodge secretary, said: "The strike will probably be called off. But I am worried that the closures will still take place, although more slowly."

"Mrs Thatcher's tactic now will be to try to buy us off, but we will not fall for it. It is all

very well to buy cheap foreign coal, but that is like relying on oil from the Arabs in the 1960s."

Scottish reaction: In Scotland, where it had been announced that three pits were to close, a miners' official at Carduwan, near Glasgow, the largest of the three, said the men were delighted with the withdrawal of the closure plan, but would not be calling off their strike until the special delegates' conference in Edinburgh tomorrow.

## Maude plea to Tories not to lose nerve

Sir Angus Maude, the former Paymaster General, yesterday urged the Government to stick to its unpopular policies and not to lose its nerve. He warned the Conservative Party to keep off the middle ground of politics.

Sir Angus's speech to a party meeting in Rustip contrasted with recent statements by Mr Francis Fynn, who took over his post as the Government's head of information, by Lord Thorneycroft, the party chairman, and by Mr Norman St John-Stevas, the former Leader of the House.

All three had insisted that the Conservatives were the real centre party, and said that the Government's economic strategy must be adjusted to take account of mounting unemployment.

Sir Angus said yesterday: "I hope the Conservative Party is not beginning to lose its nerve. If it is, then the prospects for Britain, and particularly for industry and jobs, are gloomy indeed."

The first sign of a loss of nerve was talk about the need to occupy "the middle ground". He said: "They are doing it now."

If the social democrats were allowed to become established, they would seek ground to the left of centre to occupy. "If Conservatives try to compete for that territory they will lose, not gain, votes", Sir Angus said.



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HOME NEWS

# Judge orders 16 foreign airlines to hand over £2m withheld in Heathrow landing fees dispute

By Arthur Reed  
Air Correspondent

Sixteen foreign airlines were ordered yesterday to hand over to the British Airports Authority an estimated £2m in increased landing charges they have been withholding. Mr Justice Parker ruled in the High Court that it should be paid in 21 days.

Since November the airlines have been paying the increases into an interest-bearing account in protest at the 35 per cent rise at Heathrow airport, London, from April last year.

They are to challenge the increases in a High Court action due to begin next year.

The judge said yesterday that if the airlines continued to withhold the increases, travellers and other Heathrow users could eventually be affected. The increases would amount to about £4m by the time the High Court action was heard.

As a result the airports authority, if it was to pursue its Heathrow expansion, would have to exceed borrowing limits, and it could not do that without government consent.

The judge said that the effect of the airlines continuing to withhold the money would be complex and difficult to quantify. Even if the authority was granted increased borrowing limits, that might not be sufficient.

The airlines had been paying the withheld money into the bank account not out of generosity or any sense of fair play, but as security against having their aircraft detained by the authority under its Civil Aviation Act powers, he said.

"In the light of the apparent uselessness of sterilizing large sums of money, I invited the airlines to consider whether they would be prepared, pending trial, to pay direct to the authority as all other operators are doing."

But they were not prepared to do so. They claimed they had landing and operating rights, whether they paid or not.

The airports authority, and the Secretary of State for Trade, who is also a party to the action as having overall control of the airport, denied there was "a right to land".

## Scots trawlermen urged to go back to sea

Scottish fishermen's leaders again tried to persuade trawlermen to go back to sea yesterday as government officials examined the industry's demands for £120m aid to avert bankruptcies.

Mr Peter Walker, Minister of Agriculture, Fisheries and Food, has appealed to fishermen to end their protest over cheap fish imports, saying it might damage their case when it is discussed in Cabinet.

The Scottish fishermen were yesterday given a progress report on the meeting on Tuesday between their leaders and Mr Walker and Mr George Younger, the Scottish Secretary of State.

More than 800 boats are still tied up in Scottish ports and militant skippers have threatened to extend their blockade to North Sea oil supply ships if the Government does not take action soon.

Mr Walker has announced that he is making available £270,000 in Scottish fishermen, with a further £1.1m to come in the next few days, which will almost exhaust the Government's £37.5m fishing aid fund.

## Bill on indecent displays aims beyond front men

By Our Parliamentary Staff

An amendment to the Indecent Displays (Control) Bill will widen the liability for prosecution to anybody causing or permitting such displays in public.

Mr Timothy Sainsbury, Conservative MP for Hove, and sponsor of the Bill, which is likely to become law, successfully moved the amendment yesterday in standing committee. It is aimed at ensuring that the people most responsible for indecent displays "cannot get away by leaving the rap to be taken by some front man".

Mr Patrick Mayhew, Minister of State at the Home Office, supported the amendment and said it would make it abundantly clear that the purpose of the Bill was to catch not only the person immediately responsible for making an indecent display, but also the person who had employed the manager to make the display, such as a company director or shop owner.

But Dr Shirley Summerskill, Labour MP for Halifax and an opposition spokesman on home affairs, said that despite the amendment the Bill was still extremely vague and the police would be reluctant to prosecute because of its uncertainty.

She wanted to widen the liability for prosecution to include the freehold owner of premises where there was an indecent display in public. To do so would act as a deterrent.

Mr Mayhew said that Dr Summerskill's proposal went too far because in many cases landlords had no control over what happened in the premises they let.

## Defendant admits murder

Another defendant in the handless corpse trial pleaded guilty at Lancaster Crown Court yesterday to the murder of Martin Johnstone, an international drugs dealer.

The change of plea came from Frederick Russell, aged 39, of Kentish Town, London, on the third day of the trial.

Mr Russell has already admitted two drug conspiracy charges, which he faces with 11 other defendants.

## In brief

### Seven saved from helicopter in sea

Seven men escaped and were rescued yesterday after a Royal Navy Sea King helicopter crashed into the sea in Falmouth Bay off Cornwall, and turned turtle.

The helicopter, from Culdrose, was on a training flight when the pilot reported engine difficulties. A safety boat accompanying the helicopter and two Westcoast helicopters which were in the area picked up the crew. One man was slightly injured.

### Boy murder charge

Heather Soell, aged 21, a nursemaid, was remanded in custody by magistrates at Hampstead, London, yesterday charged with the murder of James Long, aged seven months, at his home in Darlington Park Road, Kentish Town, north London, on February 13.

### Strychnine warning

An urgent warning was issued yesterday after strychnine was stolen from a chemist's shop in Maybury Road, Woking, Surrey. Police feared it could be mistaken for heroin or cocaine. It was in an amber glass jar marked with a skull and crossbones.

### Director's suicide

A formal verdict of suicide was recorded at the inquest at Cheltenham yesterday on Mr Graham Moon, aged 36, the dismissed managing director of Severn Sound commercial radio station, who was found dead in his car last Monday.

### Rugby tickets forged

Scotland Yard said yesterday that forged tickets for the England v France rugby match on March 21 had been found and they might be forgeries for next Saturday's match against Scotland at Twickenham. They are mainly £2 standing tickets.

### Youths sought after fire

Two youths were being sought by police yesterday after fire destroyed a club at Clifton, Nottingham, where a teenage discotheque had been held. The damage was estimated at £30,000.

### Foiling hoaxers

Equipment that can locate the source of radio messages has been installed by Solent coastguards at the Needles, Isle of Wight. It can check Mayday calls and so eliminate hoax messages.

### Firemen overcome

Nineteen firemen needed hospital treatment yesterday after being overcome by fertilizer fumes at Metley Farm, West Ogwell, near Newton Abbot, Devon.

## WEST EUROPE

### Bonn panel examines financing of Tornado

Bonn, Feb 18.—A West German parliamentary panel launched an official investigation today into the handling by 1981 of the Tornado, the Defence Minister, of finance problems connected with the Tornado multi-role combat aircraft project.

The move came after press reports that the Defence Ministry expected a DM800m (£160m) shortfall next year in funds for the project, a joint development between West Germany, Britain and Italy.

Herr Apel has already admitted that ministry cost estimates for the Tornado project in 1980 and 1981 were a total of DM1,300m too low. Reports of a further budgeting error have revived speculation about his chances of political survival.

The Bundestag defence committee held only a brief meeting today to adopt formally the role of a commission of inquiry. The first working session is due on March 19.

Herr Werner Marx, an opposition Christian Democrat, who is chairman of the defence committee, will head the inquiry.

West Germany plans to put 322 of the swing-wing aircraft into operation by 1988, at a projected cost of DM22,000m. Britain has ordered 385 Tornados, and Italy 100.—Reuter.

### Britain expects end to restrictions on Gibraltar 'soon'

By David Spanier  
Diplomatic Correspondent

Britain hopes for an end to Spanish restrictions against Gibraltar "very soon", it was confirmed yesterday. But what MPs wanted to know, when the Select Committee on Foreign Affairs discussed the matter, was when the Spanish Government was going to act.

"Why has nothing been done when we thought it would be done?" Mr Anthony Kershaw, chairman of the committee, put it.

Yesterday the questions were taken by a high-powered team of Foreign Office officials, as distinct from ministers, and the answers given were so diplomatic and so carefully wrapped that it would be hard to predict when things would return to normal for Gibraltar.

"In the first instance it must be for the Spanish Government to explain the reasons for the delay in implementation of the Lisbon agreement", the MPs were told.

Under this agreement, Spain was to open the frontier and negotiations would then start on the problems concerning Gibraltar. Britain was ready to carry out its side of the bargain last June. But the Spanish Government—though it stands by the agreement—has not been ready to do its part yet.

The officials spoke of administrative problems, perhaps more complex than the Spanish had expected. Equally, there had been governmental changes in Madrid. "Otherwise the officials noted, we would prefer not to assess the reasons, which are for the Spanish Government to assess."

Mr Peter Mills, Conservative MP for Devon West, took the Foreign Office to task for referring to "the Gibraltar problem". "It is not. It is a Spanish problem," he declared. "The people of Gibraltar have not caused any difficulties."

The point was taken gracefully. "If using a form of shorthand gave the impression it is 50-50, then we would not wish to give that impression."

What it came down to, it appeared, was that Britain was seeking "an act of faith" by the Spanish Government in carrying out the Lisbon agreement. "It seems reasonable to ask them to make it, as they imposed the restrictions," the Foreign Office believes.

So far as Spain's application to join the European Community was concerned, the idea that two countries in the Community could have a closed border was described as "unthinkable". Gibraltar is in the EEC already. There is no problem, therefore, about its status.

### Exports cut threatens Yugoslavia's EEC link

From Michael Hornsby  
Brussels, Feb 18

Relations between the EEC and Yugoslavia, supposedly on a new footing since the signing of a preferential trade agreement last year, have been soured by French and Irish insistence on a severe cut in Yugoslav exports to Greece.

At a meeting of foreign ministers of the Ten in Brussels yesterday, France and Ireland argued that as a member of the EEC, Greece must observe the rules of "Community preference".

Under last February's trade agreement, Yugoslavia was given the right to export 34,800 tonnes of "baby beef"—a specialized product between real and mature beef—a year to the old EEC of Nine at a preferential tariff.

But joining the EEC at the beginning of this year, Greece had been importing about 40,000 tonnes of beef a year from Yugoslavia. The European Commission had proposed that this trade should continue at a level of 30,000 tonnes, bringing total Yugoslav beef exports to the enlarged Community to just under 65,000 tonnes.

With the exception of France and Ireland, member states were prepared to accept this proposal. But the French wanted Yugoslav exports to Greece to be limited to a maximum of 3,000 tonnes, while the Irish would not go higher than 7,000 tonnes.

Other member states are amazed that the French and the Irish should want to risk damaging the EEC's politically sensitive relations with Yugoslavia for the sake of a few thousand tonnes of beef.

## Italy faces declining population

From Peter Nichols  
Rome, Feb 18

Myths as a rule die hard in Italy, but not the idea of the happy family pulsating with plenty of babies, judging from the applause a group of economists and ecologists here tonight gave to the news that for the first time for centuries in an era of peace the Italian population has ceased to grow and may actually be falling.

A sharp drop in the birth rate of course is now common in European countries. Both the French and Germans are worried about it. The point which emerged in tonight's discussions at the Institute for Demographic Research was that a sharp fall was the only hope for a solution of Italy's economic and social crisis and that of Europe as a whole.

The discussion group comprises Signor Francesco Forte, chairman of the Chamber of Deputies, and Communist Signor Fulco Pratesi, chairman of the World Wildlife Fund; Signor Domenico de Masi, who teaches sociology at Rome University, and Signor

Luigi de Marchi, chairman of the Institute for Demographic Research.

Signor de Marchi pointed out that for 30 years the controversy between supporters and opponents of birth control had been concentrated on its necessity or otherwise for countries of the Third World.

In recent years the idea had been gaining ground that the industrialized world would need a drastic reduction in population in order to face the crisis threatening to involve the whole of Europe.

Density of population was a grave problem, so much so that the Italian population in terms of consumption and pollution caused as much ecological damage as would 2,000 million to 3,000 million Indians or Chinese, packed into the peninsula.

Until recently, he said, Italian and European prosperity had been based on the processing of cheap raw materials using low priced energy.

This situation could now no longer continue, and Europe would be in a state of crisis

until the population had been reduced to levels compatible with each country's own resources. The difference between population and resources was at its most stark in Italy.

Signor Forte said that a drastic reduction of the future labour force would not only mean that older people could be allowed to continue to make their contribution, with a reduction in pension payments, but also young persons and women could be involved in production instead of being excluded with grave dangers to social peace and human dignity.

The speakers tonight did not include spokesmen of the Roman Catholic view of life in Italy. They would no doubt have seen the issues in a different light.

Nevertheless there was enough reasoned discussion to make one wonder what has happened to the cult of the bambino and how many hundreds of thousands of emigrants must be turning over in their graves to express agreement with the need to cut population according to the cloth of immediate resources.

### Elysée meeting disrupted by false alarm

Paris, Feb 18.—Workmen disturbed a Cabinet meeting at the Elysée Palace today when they accidentally cut an alarm wire which caused a maximum alert at the palace.

As bells began ringing, guards shut the palace gates, and others, armed with automatic weapons, took up positions on the steps leading up to the building from the central courtyard.

The alert was, however, cancelled within minutes when workmen admitted unintentionally setting off the alarm.

—Agence France-Presse.

## ADVERTISEMENT

# WILL YOUR M.P. LET YOU SHOP ON SUNDAYS AND LATE AT NIGHT?

This Friday 20th February your MP will have the opportunity to support the Private Member's Bill presented by Sir Anthony Meyer to amend and extend the law regulating shop opening hours.

At present it is against the law to sell most types of goods after eight at night and on Sundays. In the current Dickie Dirts' Opinion Poll so far over 30,000 people (approximately 94% of the vote taken) are in favour of a change in the law relating to late night and Sunday shopping. In

fact 49% of Dickie Dirts' trade takes place during currently illegal shopping hours.

Provided employees' interests are adequately safeguarded—as outlined in the proposed Bill—a change in the law would give workers the freedom to work hours which they prefer. Dickie Dirts' staff work 37½ hours a week on a rotating shift and are paid £6,740 a year basic salary. The 14 hours a day, seven days a week opening requires twice the number of staff that ordinary shop hours would neces-

sitate, thus providing more employment. Dickie Dirts' value for money policy maintains reduced prices and doubles employment, which makes a nonsense of the uncompetitive statement that longer shopping hours are inflationary. The majority of shops appear to forget that they are in business to provide a service for the customer.

The laws pertaining to shopping hours are out of pace with modern Britain. Today we are a nation of many races and creeds and

most people do not have the time available to do all their shopping conveniently during conventional shopping hours. Dickie Dirts believes the law should be updated to suit Britain's needs.

## Dickie Dirts OPINION POLL

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## WEST EUROPE

## Calvo policy outlined for approval by Cortes

From Richard Wigg  
Madrid, Feb 18

In a programme proposed to the Spanish Parliament today, Señor Leopoldo Calvo Sotelo appealed to employers and workers alike to "shoulder their responsibilities" in solving unemployment, and promised all citizens that terrorism would be combated under the law.

Speaking against the background of the death last week of a suspected Basque terrorist while undergoing police interrogation, and the resignations offered yesterday by security police chiefs, the Prime Minister-designate indicated that in future law officers responsible to the Ministry of Justice would be present during interrogations.

His one hour investiture speech also included a reasoned appeal to Spaniards to shed any "disenchantment" with the system, pointing out that under a democracy citizens had to collaborate with the Government and could not just sit back and criticize.

On foreign policy, Señor Calvo Sotelo reaffirmed Spain's intention of joining Nato, but without setting any target date. He rejected any claim by the Soviet Union to "arrogate to itself the right to stop us", as he put it.

In a conciliatory gesture he offered all parties in the Cortes that, if elected, he would open talks to find a consensus in favour of the timing and conditions under which Spain would participate in Nato.

He rejected any idea of armed Spanish neutrality, the grounds that the country's strategic and geographic position and its capacity to achieve such a defence effort prevented that course.

On Gibraltar, Señor Calvo Sotelo pledged his government to implement the "gradual and agreed application of the Lisbon Agreement of last April".

## Rector killed in Rome accident

Mgr Sean O'Kelly, aged 49, rector of the Scots College in Rome, was killed in a street accident near the college last night.

A college spokesman said that Mgr O'Kelly who was born in Limerick, Ireland, was much respected rector. He took over the post in 1973 after spending eight years as vice-rector.

## Chirac challenge to Giscard camp

From Charles Hargrove  
Paris, Feb 18

One of the genuine innovations of this year's presidential election campaign, which is beginning otherwise to look in many respects like a rather tired rehash of the campaign of 1974, is the appearance on the scene of M Jacques Chirac, the Gaullist leader, not in the role of kingmaker as last time, but as a pretender to the throne in his own right.

In his first television appearance of the campaign last night, he claimed to offer the voters a credible alternative to the same old choice between M Giscard d'Estaing and M François Mitterrand, the Socialist leader.

He did so with skill and conviction, consolidating the image of a new Chirac, accessible, determined, statesmanlike, and at the same time close to people's problems with which he had surprised the politicians and journalists at his press conference a week ago.

Those Gaullist leaders who had concluded a little too hastily from this press conference that the new sober and restrained Jacques Chirac would be content to act as an auxiliary in the name of the outgoing President and to present him with the Gaullist votes on a platter for the second round, were told in no uncertain fashion to think again.

He gave equally short shrift to those Socialists who have been nursing dreams of growing "convergence" with the Gaullist RPR that would help M Mitterrand into power. "The policy I propose is very precisely the opposite of the Government's," M Chirac said.

## Car plunge kills four Scots on Florida holiday

Miami, Feb 18.—Despite repeated rescue efforts by firemen, a Scottish mother and her three children on holiday in Florida died after their car plunged into a canal west of Miami.

Her husband and the children's father, Mr Alan Atkinson, of Helensburgh, Dunbartonshire, survived the night accident, police said. He was not seriously injured but was admitted to hospital suffering from shock. Mrs Adrienne Atkinson and her two daughters, Lucy and Anna, aged eight, died in the car. Her son Nigel, who was 11, died later in hospital after initially being revived at the scene of the accident.

Highway patrolmen said the family's car was in collision with another vehicle before it plunged into the canal.

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## Farm price increases ranging above 6pc mooted for the EEC

Brussels, Feb 18.—The European Commission today agreed a new farm "package" which will give the Community's 8.8 million farmers price increases ranging from 6 to 12 per cent, according to EEC sources here.

The 1981-82 agricultural price agreement, proposed by Mr Paul Dalsager, the Farm Commissioner, and little changed by the Commission, includes wide-ranging measures to reduce mounting food surpluses.

The measures form the basis of the Commission's drive to reduce the size of farm spending in the EEC's overall budget, the sources said.

The cost of the price increases is put at about £412m in a full year, but the constraint measures and other agricultural revenues should reduce the net cost to about £230m.

The proposals will form the basis of what promises to be a prolonged struggle between EEC farm ministers before a final agreement is reached on the package, the sources added.

The Commission is said to have accepted a proposal for an extra levy on excess milk production, one of the costliest items in the EEC budget.

For cereals it has proposed higher increases for target prices—on which taxes on imported cereals are based—than for intervention prices paid on surplus EEC production. This would help to encourage farmers to produce more for export and less for the internal market.

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## US shows EEC evidence of Salvador arms suppliers

From Our Own Correspondent  
Brussels, Feb 18

The United States today told the EEC of its grave concern about the situation in El Salvador and of its fear that Western humanitarian aid to the Central American country could end up in the hands of left-wing guerrillas fighting the Government.

This message was delivered to Mr Gaston Thorn, the President of the European Commission, by Mr Lawrence Eagleburger, who is the new American Assistant Secretary of State with responsibility for European affairs.

Mr Eagleburger also gave Mr Thorn a document setting out evidence of Soviet and East European involvement in the supply of arms to the El Salvador rebels either directly or through Cuba, Vietnam, and Ethiopia.

The American envoy was also understood to have described the situation in El Salvador as being exactly the same as that in Angola and Ethiopia before the communist takeovers in those countries.

EEC foreign ministers yesterday decided to defer a decision on whether to send a package of emergency relief and food

reduced price support for their own production.

The proposed increases, if approved by the ten agriculture ministers, are sure to anger the farmers who wanted rises of at least 15 per cent.

France has proposed a 10 per cent average price increase, while West Germany was demanding an 8 per cent boost, and Britain one of 6 per cent.

The proposals, along with the measures to make producers bear part of the cost of surpluses, will be presented for approval by the ministers at their next meeting, scheduled for February 23 and 24.

The commission has proposed a 5 per cent increase in the price of grain, except for hard wheat, which would rise by 4.1 per cent, rye, by 3.8 per cent and soft wheat, of minimal quality, which would go up by 4 per cent.

The target price for milk would jump by 6 per cent on April 1, then another 2 per cent in September. Butter would go up by 25 per cent, and another 1.8 per cent in September.

Other proposed increases include beef, up by 6 per cent, from April 4, and another 3 per cent in December; pork, by 9 per cent; table wines, 10 per cent; olive oil, 6 per cent; sugar, 8.6 per cent; tomatoes, 8 per cent; apples, 9 per cent; and grapes, peaches and pears, by 10 per cent.

Agence France-Presse.

## Two nations hinder UN inquiry on missing people

From Alan McGregor  
Geneva, Feb 18

Despite strong criticism from Argentina and the Soviet Union, it is apparent that the majority of the 43 nations belonging to the United Nations Human Rights Commission want to persevere with the investigations into cases of missing people, many of whom are believed to have been murdered by their own governments.

The commission is considering whether to prolong the mandate of the five-member working group, set up last year, whose first report refers to specific information on about 13,000 disappearances in 15 countries, mostly in Latin America.

Speculation that the United States policy on human rights

in that region is changing under the Reagan Administration has been heightened by silence on the part of the American delegation, which has not spoken in support of a French draft resolution for continuing the mandate.

Avoiding outright opposition to the French proposal, Argentina—the country given most attention in the report—has sought instead to speak in support of the group's activities but behind a curtain of confidentiality so that its proceedings would no longer be publicized.

The Argentine delegate said that many disappearances were the immediate result of terrorism, but that some could have been caused by "individual excesses" by security forces.

viewing him; on the subject of what he would tell his supporters to do if, by chance, he were eliminated from the second ballot. "You will know in good time," he told them with obvious relief.

It is quite obvious that if his score is good (that is, between 16 and 18 per cent) he means to negotiate directly the switch of his supporters to President Giscard d'Estaing, if the President is a candidate, which is virtually certain and if he heads the poll in the first ballot, which is not certain, judging by the latest opinion poll, published by the *Figaro* today, which shows M Mitterrand in the lead.

M Chirac gave himself six months if he were elected to change the political and economic climate. He proposed an ambitious programme of cuts in government spending and tax relief. The government had got it all wrong; unemployment was a cause of inflation, not a factor of regulation of the economy.

"How can one seriously imagine it possible to maintain for a long time a society in which the unemployment rate for 700,000 youngsters on entering, it is to be unemployed," he added. "We are on the road to bankruptcy, to dramatic bankruptcy because we are in a climate of despair."

His strictures against the Government's foreign policy were equally severe. It was changeable and indecisive. Had he been President, he would have called for a summit to condemn within 24 hours the invasion of Afghanistan. He would have imposed an immediate ban on the export of technology to Russia.

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## OVERSEAS

## President sets out to sell his package

From Patrick Brogan  
Washington, Feb 18

President Reagan's message to Congress and his speech to the nation this evening, mark the official opening of his campaign to "turn the country around".

His ministers have put into place the proposals and the theoretical underpinnings of the "supply side economics" that Mr Reagan conceives that he was elected to impose upon the country, and he will himself endeavour to sell it to Congress and public.

The doctrine is that if investment and productivity can be induced to rise, then everything else will follow.

The way to get productivity and investment levels to rise sharply is to cut personal tax rates, to reduce the share of the gross national product taken and spent by the Government, to reduce the Government's interference in business, and to maintain a tough monetary policy.

Mr Reagan set out the problem in a broadcast two weeks ago. Today he is spelling out the cure. The broadcast was very well received and the President's popularity is now at its zenith. He intends to cash in on this popularity immediately to tell the country that there are unpleasant sacrifices to make and to persuade them that the period of travail will be brief.

To help him persuade people that all these things are possible and will be achieved by his proposals, Mr Reagan will rely on his own television skills and on the efforts of friends from California who are experts in matters of public relations.

Congress is already preparing to respond. A sign of the difficulties the President will encounter on Capitol Hill came from Senator Robert Dole, who is from the agricultural state of Kansas.

He is chairman of the Senate Finance Committee, and thus one of the two or three most important men in the Government, and he has let it be known that he opposes the programme.

Farmers like food stamps; it allows poor people to buy their goods. The doctrine according to Mr Reagan, however, is that the food stamp programme has to be cut. Mr Reagan cannot get his tax cuts without Senator Dole's consent and there will have to be an accommodation.

The Democrats, of course, will oppose all the President's proposed cuts in social spending. He is expected to announce a coalition to get each separate cut through Congress, and the whole business will take up much of the year.

Washington, Feb 18.—This is the introduction to the "Programme for economic recovery" that President Reagan delivered to Congress today, before addressing Congress and the nation in a televised speech.

A programme for economic recovery: Today's administration plan to reverse the debilitating combination of sustained inflation and economic stagnation, to reduce the rate of inflation, to reduce the unemployment rate, to reduce the deficit, to reduce the burden of government regulation, to reduce the burden of government spending, to reduce the burden of government taxation, to reduce the burden of government interference in business, to reduce the burden of government control over the economy.

We have forgotten some important lessons in America. High taxes are not the remedy for inflation. Excessive government spending is not the remedy for economic stagnation. Excessive government regulation is not the remedy for unemployment. Excessive government control over the economy is not the remedy for the deficit.

We must remember a simple truth: The creativity and ambition of the American people are the vital forces of economic growth. The motivation and incentive of our people to supply new goods and services and earn additional income for their families are the most precious resources of our nation's economy.

The goal of this Administration is to nurture the strength and vitality of the American people by reducing the burdens of government regulation, government spending, government taxation, and government interference in business.

The economy itself should break out of its stagnation and inflation to a much more robust growth trend of 4 to 5 per cent a year. These positive results will be accomplished by simultaneously cutting tax burdens, increasing private saving, and raising the living standard of the American people.

The plan is based on sound economic principles. It seeks to reduce government spending, to reduce government taxation, to reduce government interference in business, to reduce government control over the economy, to reduce government regulation, to reduce government spending, to reduce government taxation, to reduce government interference in business, to reduce government control over the economy.

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Mr Jean Chrétien, the Justice Minister, is applauded by Mr Pierre Trudeau, the Prime Minister, and others after his speech in Parliament to support "patriation, at long last, of the Canadian constitution".

## Last-minute agreement removes threat of Polish students strike

From Debra Trevisan  
Warsaw, Feb 18

The threat of a nationwide student strike was removed after an agreement was signed between the students of Lodz University and Mr Janusz Gorski, the Polish Minister of Education.

The students of Lodz University who started the action five weeks ago, presented the authorities with more than 50 demands some of which went beyond academic life and took on a political character.

They demanded the replacement of compulsory teaching of the Russian language by a voluntary choice of languages. They also protested against compulsory Marxist lectures especially against the way Marxism was taught and social studies.

Another demand concerned the history books, especially those relating to Polish history which the students said presented a slanted view especially of recent historical events.

In short, the authorities have accepted the demand for more objective education and the removal of ideological slants. Censorship is to be eased and

the students will be able to circulate publications within the colleges of up to 1,000 copies without having to submit to the censorship.

The students' demand for a reduction by half of the period of compulsory military service, which is two years in the armed forces and three in the navy, was rejected.

Yesterday, students in some 20 university and higher education centres threatened to call a nationwide strike in support of their demands. But, the Government moved quickly and after meeting Mr Mieczyslaw Rakowski, a deputy prime minister last night, the students agreed to continue negotiations.

The agreement ends the last social upheaval in Poland leaving only the question of the year. Negotiations there are going on behind closed doors and away from the usual loud-speakers relaying procedures.

An agreement is expected soon. This would give the Government the necessary time for the most urgent work of putting the economy back on its feet.

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## Mr Reagan's 4-point plan to revitalize economy

Washington, Feb 18.—This is the introduction to the "Programme for economic recovery" that President Reagan delivered to Congress today, before addressing Congress and the nation in a televised speech.

A programme for economic recovery: Today's administration plan to reverse the debilitating combination of sustained inflation and economic stagnation, to reduce the rate of inflation, to reduce the unemployment rate, to reduce the deficit, to reduce the burden of government regulation, to reduce the burden of government spending, to reduce the burden of government taxation, to reduce the burden of government interference in business, to reduce the burden of government control over the economy.

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Most important, we can regain our faith in the future. The four key elements of the plan consist of four parts: (1) A substantial reduction in the growth of federal expenditures; (2) A significant reduction in federal tax rates; (3) Prudent relief of federal regulatory burdens; and (4) A monetary policy on the part of the independent Federal Reserve System which is consistent with sound economic principles.

It should be clear from the most candid examination of the economic problems of this Administration that we have moved from merely talking about the economic difficulties facing the American people to taking the strong action necessary to turn the economy around.

The leading edge of our programme is the comprehensive reduction in the rapid growth of federal spending. As shown in detail below, our budget restraint programme will reduce the growth of federal expenditures by 10 per cent in 1981, and by 15 per cent in 1982.

Our approach to budget reductions is a careful, targeted approach to budget reductions. We have not adopted a simple-minded "mean" approach to budget reductions. Rather, a careful selection of guidelines has been used to identify lower-priority programmes in virtually every department, agency, and office that can be eliminated, reduced, or postponed.

The second element of the programme, which is equally important and urgent, is the reduction in federal personal income tax rates by 10 per cent a year for three years in a row. Closely related to this is an incentive to greater investment in production and job creation via faster tax write-offs of new factories and production equipment.

The third key element of our economic expansion programme is an ambitious reform of regulations that will reduce the government imposed barriers to investment, production and employment. We have suspended for two months

the unprecedented flood of last-minute rule-making on the part of the previous Administration. We have eliminated the ineffective and costly economic review and standards of the Council on Wage and Price Stability, and we have taken other steps to eliminate government interference in the marketplace.

The fourth aspect of this comprehensive economic programme is a monetary policy to provide the financial environment for sustained growth and price stability. During the first weeks of this Administration, the Federal Reserve System was underserved. It is clear, of course, that monetary and fiscal policy are closely interrelated. Success in one area can be made more difficult—or even impossible—without the other.

Our predictable and steady growth in the money supply, at more modest levels than often experienced in the past, will be the result of our achievement of the goals described in this report. The planned reduction and subsequent control of the money supply will help the Federal Reserve System to perform its important role in achieving economic growth and price stability.

The ultimate importance of this programme for sustained economic growth will arise not only from the positive effects on the individual components, important as they are. Rather, it will be the dramatic improvement in the national economic environment, and outlook that will set a new and more positive direction to economic decisions throughout the economy.

Protection against inflation and high tax burdens will no longer be an overriding motivation. Once again, economic choices—investing, working, saving, and investing—will be based, primarily on the prospect for real rewards from those productive activities which improve the true economic well-being of our citizens.

## Nigerians query British stand on Southern Africa

From Karan Thapar  
Lagos, Feb 18

Lord Carrington, the first British Foreign Secretary to visit Nigeria since that country's return to democratic rule, today described the British stand on Southern Africa as "unacceptable".



OVERSEAS

# Christian martyrs beatified by the Pope before he pays visit to worst slums in Manila

From Peter Hazelhurst  
Manila, Feb 18

Three million Filipinos watched the Pope beatify 16 Christian martyrs in the centre of Manila today, raising their stature of holiness to one step before sainthood. It was the first ceremony of its kind to be held by the Catholic Church outside Rome since the thirteenth century.

Reinforcing the Vatican's interest in Asia, the Pope announced tonight that as a native of Poland he would like to visit Peking to meet the Chinese Catholic community.

Making his plea he said to "unite the world in Manila: 'Ever since God's providence a mysterious way called me from my native Poland to the see of St Peter in Rome, I have ardently desired to express my affection and esteem to all brothers and sisters of the Church in China.'"

He went on, apparently to end a measure of support to the regime in Peking, by declaring that a "good Chinese Catholic works loyally for the progress of the nation, observes his obligations of filial piety towards his parents, and is dutiful. There is therefore no opposition or incompatibility in being at the same time truly Christian and authentically Chinese."

Describing China as a great country in terms of culture, history, its geographic extension, its population, the Pope then turned to the Scriptures: "I am longing to see you to strengthen you."

At the beatification ceremony this afternoon, hundreds of white doves were set flying and the bells of Manila cathedral and churches across the city began to peal as the Pope, in one of Asia's most historic and spiritual ceremonies, unveiled a cenotaph bearing the inscription "For God I shall give my life" to commemorate the martyrdom of 16 priests and laymen who were tortured to death by the Japanese in the seventeenth century.

Lorenzo Ruiz, one of the leading Christian martyrs in Asia, a Filipino layman who left the Philippines to escape criminal charges at home, was eventually executed in Nagasaki in 1637 for attempting to spread the Catholic faith in Japan.

Conducting the services in English, Spanish and Latin before the vast crowd in Luneta



The Pope, with chalice, at the beatification ceremony.

park in the centre of Manila, the Pope announced to the Asian Church: "In this first beatification ceremony to take place outside of Rome and in this first Philippines Beatification, Lorenzo Ruiz, you have cause for continued rejoicing."

Attended by 300 cardinals and bishops from the Philippines and other countries, including Japan, South Korea, Indonesia and India, the moving ceremony was described by leading Catholics tonight as "one of the most significant events in the history of the Christian faith in Asia."

The Pope announced that the 16 martyrs declared as "blessed" today, include nine Japanese Christians, four Spaniards, one Frenchman, an Italian, and Lorenzo Ruiz.

According to the church's record, Lorenzo Ruiz and four companions were executed "painfully and slowly" in September, 1637, after they refused to renounce their faith.

"Hung by his feet from the gallows his body and head were lowered into a narrow pit. The entrance of the pit was closed with pieces of wood and stones to increase the pressure. Lorenzo was left hanging upside down to bleed and suffocate until he died three days later."

They are given the title blessed because this was the greatest act of love for God, the Pope said.

Earlier, he inspected the edge of Manila's worst slum in the district of Tondo. The sprawling slum of shanty houses lacks running water, sewerage or proper medical facilities. The smell was almost unbearable

## Playing at police and soldiers in limboland

From Robert Fisk  
Kusaira, Syria, Feb 18

Kusaira must be one of the most lawless towns in the world. There are two policemen for every shepherd and down at the local gendarmerie, Kalashnikov rifles hang on the wall which is strange because the total civilian population is only 18.

A Syrian army second lieutenant, an English literature graduate from the University of Aleppo summed it all up rather well today as he stood on the Syrian ceasefire line—a rain-swept bank of dark mud—only 50 yards from where the Israeli crack troops in the rainy afternoon.

"There are many shepherds around" he said. "We are very worried that they might walk through the minefields. So every shepherd has two policemen to look after him. The young soldier allowed himself a slight smile."

Just up the narrow, puddled road, and beyond the white painted United Nations huts an Israeli soldier stepped from behind a metal barricade to inspect the credentials of a driver. The Syrian lieutenant watched him without interest.

"We don't talk to the Israelis," he said. "Why should we? Sometimes at our forward observation posts we can hear them talking and they shout 'Syria is very bad' and they say 'obscene things about us. We shout the same things back to them.'"

Thus the Middle East's most ferocious enemies confront each other beneath the Golan Heights amid the ruins of a war that ended more than seven years ago. Every building in Kusaira—once a town of 60,000 people—was systematically destroyed by Israeli forces after the 1973 war and Syrian soldiers now occupy this desolate salient, evading the United Nations' ceasefire troop restrictions by pretending in a drill sort of way, to be policemen.

Kusaira and majors with automatic rifles ride estate wagons through the ghostly streets and plod mournfully through the rain down to the little shacks where Kusaira's would-be constabulary keeps the peace.

It is a sea of flattened concrete bricks and mud. After street of pancaked houses and rubble walls, fire scorched mosques and a devastated Christian church.

Perhaps it is incumbent on every nation to keep a ruin or two as a reminder of the past. The Egyptians had Port Said, the Israelis maintain the wreckage of a ruined village from the 1948 war. Syria has Kusaira.

It is almost surrounded by Israeli occupied territory and high above it on the hill of Tell Abu Nedar, the Israeli can monitor the Syrian army's slightest movement. Two swaths of barbed wire separate the two armies and between them sit 40 bored Australian soldiers of the United Nations disarmament observer force.

Ceasefire violations—real or imagined—are regularly reported to the United Nations by both sides. The Syrians are currently claiming that Israeli patrols outside Kusaira "are firing their machine guns on to Syrian military posts."

From behind Tell Abu Nedar came the thunder of heavy artillery.

The Israelis were practicing firing on the far side of the hill but the wooden and tin walls of the gendarmerie rattled with the blast.

You could hear the shells hissing down range and the two long explosions that followed reverberated through the shack. While the Syrians were playing possum on one side of Tell Abu Nedar, the Israelis were clearly playing soldiers on the other.

## The West Bank-3: Palestinians fear they will be expelled by Israelis

### Politics and history motivate Jewish settlers

From Christopher Walker  
Eilat, Moreh, Feb 18

Mrs Linda Hazony is an articulate American Jew who was born and brought up in Brooklyn. Today, with her husband and five children, she lives here in a cramped, mobile home perched on an exposed hill top overlooking the Arab village of Eilat. She is a Palestinian town in the occupied West Bank.

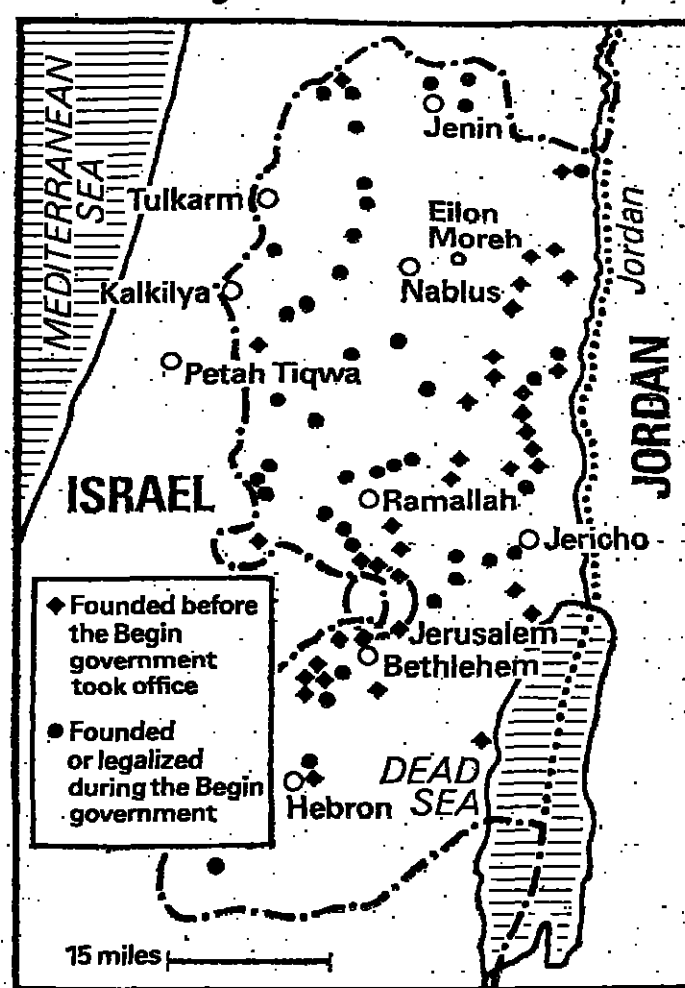
Like thousands of other Jewish settlers in similarly inhospitable and insecure locations, Mrs Hazony has no doubts about the justification for her presence in former Arab territory. "This is Eretz Israel, a land promised to the Jews by Abraham," she explained. "We are not foreigners here."

Eilat Moreh symbolizes the new type of settlement which has been assiduously fostered, financed and constructed by the ruling Likud coalition, especially by Mr Ariel Sharon, its energetic and expansionist Agriculture Minister. Already a Jewish town of some 3,000 people, it is now situated less than three miles from a town with an Arab population of 60,000 and is guarded round the clock from possible Palestinian attack.

Although the Eilat Moreh settlers live in an unprepossessing assortment of pre-fabs, squads of labourers (including local Arabs) are now hard at work completing the first 36 concrete houses. The aim is to have them built by the date of the general election in the summer in order to make it difficult for any incoming Labour government to dismantle the settlement.

All supporters of the extreme Jewish nationalist group Gush Emunim, the residents of Eilat Moreh are heavily armed and motivated by a passionate conviction that they have a greater right to sovereignty than the native Arabs. Although dismissed as dangerous fanatics by moderate Israelis, they are seen by many others (including some Government ministers) as the natural successors to the Jewish pioneers who first paved the way for the creation of the state.

Behind the history of mysticism favoured by the new settlers, there is a hard-headed awareness of the crucial his-



torical role played by settlements both in forcing the United Nations to partition Palestine and in delineating the original demographic lines between the Jewish and Arab populations. Many observers are convinced that underlying the settlement programme is a long-term aim to annex the West Bank permanently.

In conversation with outsiders, the new settlers appear totally unconcerned about the dangerous tensions which their presence has aroused among the Arab population. Many local Palestinian leaders are now convinced that the ultimate Israeli goal is to drive them out of the West Bank completely. Only a minority of the settlers advocate this policy openly, but most would agree with Mrs Rachel Klein,

a resident of Kiryat Arba, the largest and most urbanized of all the West Bank settlements. She told me: "What Joshua said still holds true today. 'We are coming into this land, if you want to follow our way and be at peace, you can stay. If you want to leave you are welcome to leave. But if you want to stay as our enemies, we will fight you.'"

There was little international outcry when the first West Bank settlements were erected by the last Labour Administration because they were deliberately kept away from centres of Arab population, and the public argument always put forward for their construction was the pressing need to maintain Israel's fragile security.

By the time the present right-wing Government came to power in 1977, the number of Jewish settlements (including Jewish suburbs built in East Jerusalem) totalled 37, with most concentrated around strategic sections of the Jordan Valley. In the past three and a half years, the number has jumped to 75, and plans are well advanced for another ten to be established before polling day.

Altogether about 18,000 Jews live in the occupied area, less than three per cent of the Arab population. In addition to houses and schools, they have also received the expensive infrastructure intended to guarantee the viability of a permanent Jewish presence. Official statistics show that since 1977, over 72,000 square feet of industrial plant and other commercial buildings have been erected in the West Bank, with another 16,000 square feet under construction.

The question beginning to dominate Israeli politics is the extent to which this vast network of what the settlers pointedly refer to as "created facts" could be dismantled or otherwise neutralized by a future Labour government pledged to negotiate territorial compromise with neighbouring Jordan.

In a recent series of private policy-making forums held by the Labour leadership, there were a number of references to the possibility of what one participant described as "civil war" breaking out if the Army was instructed to pull down settlements like Eilat Moreh, which are not seen as performing any useful security role.

Mr Sharon has deliberately gone on record predicting that no Israeli government could survive in office if it attempted to do away with the settlements. A new pressure group formed by representatives of 40 settlements, which met for the first time on Christmas Eve, gave clear warning of its determination to resist.

A resolution passed by an overwhelming majority stated: "The Council considers any proposal intended to hand over parts of Eretz Israel to foreign sovereignty as a disavowal of the Jewish people's destiny and the aims of the Zionist enterprise, and as an illegal act."

The first two parts of this five-part series appeared yesterday and on Tuesday.

## Blacks living in white areas face prosecution

From Ray Kennedy  
Johannesburg, Feb 18

Four special courts are to be set up in Johannesburg next month to handle prosecutions of Indians, Coloureds and blacks who have been living illegally in white areas. A magistrate has been recalled to retirement to help handle the 500 cases over a four-month period.

The prosecutions will be fought under the Group Areas Act, the apartheid statute that divides white people of different colours may live and work in certain areas.

Several white people are also charged with allowing squatted persons to occupy premises under their roof. The Johannesburg Star reported today that any blacks, particularly off Indians and Coloureds, have been moving from white areas of Johannesburg because of the shortage of good-class accommodation in their own racially-designated suburbs.

Many of them are prepared to pay double rent to secure a room and there has been no shortage of takers among white owners for the extra money. Prosecutions under the Group Areas Act—considered by many to be one of the most inhumane laws in the country—back pending the outcome of test cases before the late Court.

## Secret role of envoy to Britons

Continued from page 1

Bishop Hassan Dehghanizadeh, the mission chief, escaped an assassination attempt. His son was later murdered in Tehran and Miss Waddell, the bishop's secretary, was wounded in a gun attack.

On the surface a picture has been painted of a vendetta by Islamic fanatics angry at the conversion of Muslim Iranians to Christianity by the church. But informed sources said that underneath the surface lay "friction and strange rivalries" between the British staff and Iranian workers in the mission, which could well be related to the confession that was announced today.

What was also not explained today, in the light of the Ayatollah's optimism over the imminent release of the Britons, was why Mr Terry Waite, a special representative of the Archbishop of Canterbury, had been asked to extend his stay in Iran beyond Friday.

Mr Waite, who arrived in Iran secretly earlier this month and has since visited the three Anglicans in prison, has refused all contact with journalists leaving everyone guessing as to his exact role. It is known, however, that he has had a series of meetings with Iranian officials.

Sources close to Swedish and British diplomats involved with the issue continue to insist that Mr Waite is playing entirely separate of their efforts.

The sources added that Ayatollah Khomeini's statement had not been officially conveyed to the Swedish Embassy in Tehran which handles British affairs in Iran. Despite the renewed optimism following today's press conference, the British concern are still very cautious on the issue of the Britons' release.

## Mr Reagan says he would 'punish' Tehran

David Cross  
Washington, Feb 18

President Reagan's Administration announced formally today that it would honour the means concluded by President Carter for the release of the 52 American hostages from Iran. At the time it made it clear that it agreed strongly with Mr Carter's decision to negotiate the release.

The spokesman for the State Department, who outlined the Administration's attitude to the crisis, said that when the American Embassy in Tehran was seized in November, 1979, he would have promptly to punish Iran.

He has decided to approve in strict accordance with the "policy" of the spokesman said, "nevertheless the present intervention would not have been with Iran for the sake of the hostages," he said. "Future acts of state terrorism against the United States will meet swift and sure punishment."

The spokesman explained why, in spite of its doubts, the new Administration had terms of the agreement negotiated with Iran, as the previous Administration.

This was the surest way to resolve the whole affair "consistent with the best interests of the United States" in the Gulf and the rest of the world, he said.

In reaching a decision during nearly four weeks of intense scrutiny of the so-called Declarations of Algeria, the new Administration had looked at a number of important factors, the spokesman said.

They included the rights of American citizens against the Iranian authorities; United States' obligations to third parties, including Algeria, which had assisted Washington in the negotiations; and long-term United States interests in the Gulf area, including Iran.

## Kaunda officials ousted in party reshuffle

Lusaka, Feb 18.—President Kaunda of Zambia today replaced the number two and three men in the state hierarchy in his second shake-up of the ruling party and government in just over two months.

He told a news conference that the changes were intended to streamline the Government and the United National Independence Party (U.N.I.P.), the country's only political party.

The post of Unip secretary-general, in effect, deputy head of state, went to Mr Humphrey Mulemba, chairman of the central committee's important appointments and disciplinary subcommittee.

He replaces Mr Mainza Chona, aged 51, a former vice-president before the title was abolished, and a former Prime Minister as well as a long-time political ally of Dr Kaunda.

Mr Chona, who was party secretary-general for four years, will become Ambassador in Washington. The President described him as a friendly socialist.

The new Prime Minister, who ranks as number three in the state hierarchy, is Mr Nalumbo Munda, chairman of the Unip central committee's youth and sports subcommittee. He is a former minister with experience in labour relations, commerce, industry and local government.

He replaces Mr Daniel Lisulo, a Lusaka lawyer, who kept the seat in the central committee which goes with the premiership by moving to the lesser job of chairman of the social and cultural subcommittee.

Mr Lisulo, who in recent months had a rough time in the party, but has been outspoken in the National Assembly, has hinted that he would like to be relieved of the top Cabinet job.

Dr Kaunda last reshuffled the Cabinet and central committee on December 4, labour unrest broke out in the copper mines after Unip disciplinary action against 17 trade unionists accused of meddling in politics.

## Meteor blamed for flash attributed to nuclear blast

From Our Own Correspondent  
Washington, Feb 18

American intelligence experts have concluded that a flash of light spotted over the southern Atlantic last December was a natural phenomenon and not the explosion of a nuclear device.

A State Department spokesman said that one possible explanation for the incident was a meteor entering the Earth's atmosphere in the area. Whatever its cause, Government experts had determined "from all available data that the event was natural, not man-made," he added.

The spokesman was responding to a report today in the Johannesburg Star claiming that the flash was caused by a nuclear explosion, probably set off by the South African Government.

## War hero disbands his party

From Christopher Walker  
Jerusalem, Feb 18

The period of attempted reform in Israeli politics came to a close today when Professor Yigael Yadin, the Deputy Prime Minister, formally proposed the disbanding of his small and demoralized Democratic Movement to a meeting of the party's executive.

The demise of the party marks the final collapse in the expectations aroused during the 1977 general election when Professor Yadin's original Democratic Movement for Change captured the imagination of thousands of voters disillusioned with Israel's traditional parties. It captured 15 of the Knesset's 120 seats.

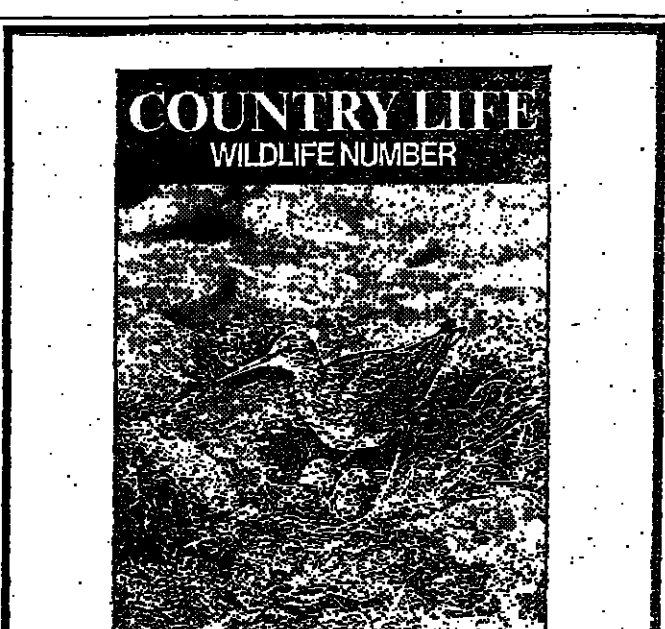
After joining Mr Menachem Begin's rightwing coalition in October 1977, the group was weakened by a series of bitter internal squabbles and the three Democratic Movement deputies are now all that remain of the four-year-old grouping.

Professor Yadin, a hero of the war of independence and the Israeli army's second chief of staff, left a successful academic career as an internationally renowned archaeologist to enter politics shortly before the 1977 elections.

Among other radical policies his party was dedicated to fight for reform of the Israeli electoral system and introduce constituency representation.

The appeal of the idealistic movement to leftwing voters was seen as an important factor in causing the Israeli Labour Party to suffer its first electoral defeat. The final collapse of the Democratic Movement today was recognition that almost all its original support had gone.

Many of Professor Yadin's early backers have been bitterly disillusioned by his refusal to withdraw from the ruling coalition in protest against its hawkish policies.



## Wildlife Number

WHERE THE LION ROARS

David Tomlinson writes about the mammals of northern Botswana, where elephants can still be seen in large herds and the roaring of lions is heard nightly.

SEARCH FOR THE ELUSIVE GREENSHANK  
Dennis Green describes a successful Hebridean search for nests of the greenshank, perhaps the most elusive of wading birds.

BRITAIN'S ENDANGERED BOGS  
David Goode looks at the wildlife of this country's mosses—the quaking bog—and argues for the preservation of these valuable habitats.

RETURN OF THE PINE MARTEN  
John Davies discusses the re-introduction of pine martens—a member of the weasel family once near extinction in Britain—into the forests of Galloway.

BUTTERFLIES BEFORE THE LENS  
Tom Jenkin offers some tips for the successful photographing of butterflies in the wild.

COUNTRY LIFE

On sale now

## Zimbabwe seeks £780m aid to revive economy

Nicholas Ashford  
Lusaka, Feb 18

Zimbabwe Government announced today that it had secured a £780 million loan from the International Monetary Fund (IMF) to help revive the economy. The loan is the largest in the country's history and is intended to help the government deal with the severe economic crisis it is facing. The IMF loan is part of a larger package of aid that includes technical assistance and training for government officials. The government is also seeking additional aid from other international organizations and donor countries. The loan is expected to be disbursed over a period of several years, with the first tranche of £100 million being made available immediately. The government is committed to implementing a series of reforms to improve the economy and attract foreign investment. The IMF has praised the government's efforts to address the economic challenges and has expressed confidence in the country's ability to recover.

Zimbabwe has so far attracted, believes that the level of international assistance will determine whether the country can be transformed into a stable, non-racial state.

As Mr Bernard Chidzero, the Minister of Economic Planning, said when announcing the conference, what is at stake are the very issues of harmonious development in the evolution of a non-racial society which go beyond the immediate borders of Zimbabwe.

The country is emerging from a bitter war which, during its seven-year duration, left more than 25,000 dead, countless more wounded and caused an incalculable amount of damage to the infrastructure.

But it is also having to transform an economy which had become distorted by almost a century of colonial rule, benefiting a small minority of the population but leaving the majority to exist in rural poverty.

The aim of the three-year plan is to channel funds into five main areas:

These are: a programme of land settlement and rural development; repair and reconstruction of war damage; resettlement of refugees and displaced persons; rehabilitation of former Zania and Zipra guerrillas; and technical cooperation.

By far the most important part of the plan is land settlement, which will absorb two-thirds of the £780m.

At present about 6,000 white farmers occupy roughly 40 per cent of the land area.

Since independence, about 15,000 families have been resettled on nearly a million acres of land already bought and an additional 1.7 million acres of land are on offer for purchase by the Government.

## INCURABLE?—Yes.



## UNHAPPY?—No.

The British Home and Hospital for incurables specialises in looking after men and women suffering from progressive paralytic diseases. They need very special care and attention. Some are helpless, bedridden... these unhappy ones have to be nursed, amused, cared for with compassion, courtesy and patience. The BHHH receives no State aid.

We must rely upon your generosity for a very worthy cause in this special year for the disabled.

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OVERSEAS

World View

by Arrigo Levi

# Kremlin poised for historic decisions

Reports from Moscow tell us that the Kremlin is not only poised for historic decisions but is also poised to make them. The Soviet Union does not see any great differences between the two, despite Europe's greater readiness to "keep the dialogue alive".

In a few days, the Communist Party Congress will meet to celebrate the great achievements of communism under President Brezhnev. The Congress is not likely to discuss Soviet failures and policy alternatives; but there will be private meetings, some of them attended by all the East European leaders, where such matters will have to be dealt with. Historic decisions may be taken.

The lack of any clear conflict between the new Reagan Administration and the Europeans (America's declaration of support for France's disarmament plan in Madrid being the latest gesture of good will across the Atlantic), provides the last negative touch in a picture which is uncomfortably crowded with crises that demand fatal choices.

Of course, Mr Brezhnev can also claim some extremely substantial successes. The Reagan Administration, once in power, has confirmed that only a very costly effort will permit it to redress the global strategic balance, while theatre balances in the two super powers, Europe and the Middle East, are also clearly favourable, at least on paper, to the Soviet side—especially in the Gulf.

## Wider range of global options

This new military balance has allowed and will allow the Soviet leaders a much wider range of global options, to the point of threatening Western control, or even access to vital resources such as Middle Eastern oil and African strategic raw materials.

Mr Brezhnev can also claim to have succeeded in reducing the spread of Eurocommunism. He has regained the full support of the French, he has split the Spaniards and has contributed to forcing upon the Italians a hardening of their domestic policies, to the point of weakening Italy's economic and political stability. The absence of the leaders of these three parties from the Moscow celebrations will be only a nuisance.

Of course, under Soviet conditions there can always be surprises. But the usual indicator signs which allow Kremlinologists to make reasonable guesses

about the reality of Soviet politics have provided no indication, for a considerable period of time, of any fundamental disagreements at the top.

While 40 per cent of the local leadership may now have been renovated, the new names in the Central Committee of the Communist Party of the Soviet Union are likely to be only about 10 per cent, and there are no relevant changes expected in the Politburo.

The compactness of the Soviet leadership under Mr Brezhnev has allowed it to maintain control over most of East Europe, even when faced by the historic challenge from Poland; but events in Poland are just at the head of a long list of negative developments and downright failures.

## Inability to adopt economic reforms

This should include China's realignment with the West and the critical attitudes of the non-aligned nations towards the Soviet Union over Kampuchea and Afghanistan, as well as many domestic failures, from economic underdevelopment to the total inability to adopt significant economic reforms. The Polish drama is where all these crises meet. Here, their many weaknesses leave the Soviet leaders with limited options.

While Soviet military positions in Europe are momentarily seriously weakened by the existence of a huge Polish "hostile territory" between the home bases and the front-line positions, the Kremlin has been left with a hard choice: either to tolerate a structural weakening of its totalitarian system (and strategic positions), or to impose by force a radical repression of Polish counter-revolutionaries, by either indirect, or direct intervention.

While indirect repression seems doubtful, the Soviet leaders are still hesitating, despite all their huffing and puffing, before plunging into what may well become a Polish war. In any case, whatever the end of the Polish crisis, the end of the Brezhnev era would explode all the contradictions and failures of the Brezhnev era.

Beyond it, there will have to be new domestic and international policies, perhaps leading to a different Soviet Union: either to an ever more totalitarian and aggressive one, or to a new system, ready to accept compromises, cooperation and changes.

There are no hard facts which tell us with any certainty which it will be; but it is possible that decisive choices will be made in Moscow during the twenty-sixth congress, though certainly not by the delegates.

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THE ARTS

# The sacramental approach to Strauss opera

"A child of sorrow", Strauss called it, that last great romantic opera for which he and Hugo von Hofmannsthal had travelled for years, which had driven Hofmannsthal to "profound despair" and Strauss to the point where he no longer felt he knew what was bad. Yet, in later life, Strauss thought *Die Frau ohne Schatten* his greatest opera.

With its eclectic source material, its complex philosophical and musical, dramatic structure, its vast singing and acting roles, its equally immense orchestral requirements and its playing time of about four hours, it is no wonder that its passage through operatic history has been as fraught and healing as the labour that gave it birth. Only in the forties did it begin to gain a foothold in Europe; and it was not until the Sixties that *Die Frau* was first heard in Britain, France and America.

Any new production of *Die Frau* makes operatic history, when the Welsh National Opera's opens in Cardiff on Saturday it will not only be the first performance in Britain outside London but the first performance of the work in English in a new translation by Eric Crozier.

For the young Belgian director, Gilbert Deflo, his British debut looks set to put him through as many trials as the opera's characters have to face. But he is, in many ways, particularly well prepared. After studying for four years at the Hoger Instituut voor Toneel en Cultuurspreiding in Brussels, he worked with Giorgio Strehler "for me the greatest living opera director" at the Piccolo Teatro, Milan, and was soon offered an assistant directorship at the Theatre Royal de la Monnaie in Brussels where he worked with Maurice Béjart. After Gérard Morice directed *Die Frau* at the Monnaie, he asked him to do *Love of Three Oranges* in Frankfurt, offers of contracts flowed in from all over Germany.

Brian MacMaster, WNO's administrator, had seen *Die Frau* at the Hamburg, and was deeply impressed by the "extraordinary intensity of performance" he drew out of his singers. Deflo, in turn, liked what he had seen of the youthfulness and accessibility of WNO's work.



Deflo: "We must make theatre out of opera"

The contract for *Die Frau* was signed.

The fact that the opera will be in English, that there is a limited budget, that the production has to travel to London, Oxford, Coventry, Bristol and Southampton, are elements that seem particularly apt and stimulating to Deflo's meticulously thought out and passionately felt vocational approach to the demystification of opera.

"*Die Frau* has always been too decorative. The curtain goes up and you have to look for the people. I believe in the 'naked space and true actors' theory of Jacques Copeau: the space around the actor should be him; it should help him. Take the beginning of *Die Frau*. The only really necessary thing is that there should be a space floating above the earth. So we made a very flat, hanging, monolithic stone which opens like the world under it. Why construct a

palace if you can have a strange, mysterious stone? It's like Stonehenge: you don't know where it came from, where it goes to."

Taking his lead from Hofmannsthal but his inspiration from sixteenth-century Japanese theatre, Deflo has pre-empted the need for elaborate mechanical stagecraft by working the miracles through the agency of black-clad Kabuki-geopos who act as servants of the Nurse and of the drama. "We can travel with them, after all, like a circus!"

Cus occur where Deflo feels there is too much merely ornamental development. The language and music, like the spoken words in Act III: "Hofmannsthal and Strauss were sometimes too literary; they didn't have faith in what the body can do. And a lot of music was written to make set changes possible. I am working with open set changes, so there

is just too much music, which Strauss would certainly have cut if he's seen my production."

Deflo's specific choice of a particularly compelling blue for one of the sets, a symbol for him of the magic world in contrast to Barak's earth world, reveals a good deal about his understanding of the opera, one influenced by his assimilation of a wide range of literature, art and music, but particularly, it seems, the works of Rudolf Steiner.

"It is, first of all, an argument for the fact that life should go on. But only with love. The Emperor wants a shadow, the symbol of giving birth in life, but not only in himself, but in a cosmic dimension. You don't even hurt fishes and flowers." Deflo's sacramental view of the opera is very much aware of Hofmannsthal's own note on interpretation: "Everything," he wrote, "is

holly and beautiful—every second. Kiss your eyes and bless them and then let them drink in everything—the upper world, the lower world, and the wonderful middle regions."

Deflo has a particular interest in the character of the Nurse. "I make her see as if she has been the wife of Kaiobad, pushed out. She is the female against the male, protecting the Emperor as if she were his daughter. I develop this very strongly: she loves her as a daughter, but also as a woman; it's almost a lesbian relationship. The Emperor, too, revolts against her father but, whereas in her case the young girl grows into a free woman, at her words, 'I revive like a Phoenix' the Nurse acts out the opposite, falling back into a position, completely demolished as she feels she is losing her."

Deflo claims it is Strauss's music, above all, that has directed his direction. He has listened to everything he wrote, analyzed the score in detail, has little sympathy for the director who does not work with the score under his arm, who arrives ten days before the production opens. As vehement and enthusiastic in conversation as he is intensely energetic in the theatre, whipping his singers into action in rehearsal, Deflo's frustration with what he feels is wrong in opera ("and the higher you go the worse it gets") runs like a ground bass under all his observations.

There is so much character in our job, believe me. A lot of things are going wrong. We must have a greater lyrical dimension in acting. And we must make theatre out of opera.

From September he will be engaged for six years as first house director at the Theatre Royal de la Monnaie, working on *Don Carlos*, *Cendrillon* (with von Stade), *Pelléas et Mélisande* (with Pritchard), *Tales of Hoffmann* and *Die Frau*. Deflo's confident optimism that made him feel, with Brecht, when he started his studies, that as a director he could change the world, has not entirely faded. "I know now that it is not possible. But go on. Opera has so much to give, and laughs at his hubris," and at Brussels for the first time in my life I shall be able to work in depth. I have every possibility."

Hilary Finch

## ECO/Polini Festival Hall/Radio 3

### Joan Chissell

The day is fast approaching when there will be no pianists left willing to share a Mozart concerto with a conductor. Latest in a succession of distinguished younger soloists prepared to take on the English Chamber Orchestra, single-handedly is Maurizio Pollini, who, after a brief tour with the orchestra in Germany and Holland, introduced himself to London on Tuesday in the new role of pianist-conductor at a sold-out concert attended by the Prince of Wales.

His two chosen concertos came from the great twelve of 1784-6, and were linked further by both having been written for Barbara Pleyer, one of Mozart's

favourite pupils (who even drew cadenzas out of him for the pair).

Starting with the E flat work, K491, Mr Pollini at once established his position as *primus inter pares*, his piano balanced as an instrument of the orchestra, his direction limited to bare essentials in awareness that his collaborators knew the score inside out. The first movement was so fast, so fluent, that it sounded uncommitted, even glit. But in the Andantino purity of style paid rich dividends, while in the finale every note of movement invention was allowed time to tell.

Ensemble was equally secure in the G major concerto, K453, whose bigger stature Mr Pollini made plain in broader phrasing and fuller tone. Points of climax in the outer movements were as full-bodied in sonority as the outbursts of

turbulent the Andante's Elysian calm, though always Mr Pollini distilled stress into the purest beauty. All three movements brought the deftest exchanges between piano and orchestra.

The concert was separated by the G major symphony, K338, the last written by the young Mozart for his tyrannical Salzburg archbishop.

Though on the rostrum, Mr Pollini again directed with batonless hands, choosing judicious tempo and establishing buoyant, clear-cut rhythmic patterns, the minimum of gesture. Although the reading suggested thorough rehearsal rather than immediacy of new discovery, the fluid phrasing of the Andante, the contrast of robust Minuet and flowing woodwind trio, and the vivacity of the tarantelle and minuet, were present both ways to acknowledge the standing ovations.

Bernstein's way with Copland has changed in recent years. He now sees the slower passages with a rather Germanic "insightful" feeling, inappropriate to the Copland's French-derived music and stretched to the limits of legato expressiveness.

The thrice-familiar *Appalachian Spring* suite thus became, under that treatment, something rather different from the original, the viewpoint rendered more effective when combined with the talents of three of the Philharmonic's superior soloists, clarinetist Stanley Drucker, for the lovely 1950 clarinet concerto, or trumpet Philip Smith and English hornist Thomas Stacy for the suite, derived from *Quiet City*.

The quicker passages of cross-rhythms and syncopations, so central a part of Copland's music-making, were taken at the customary speed. The Philharmonic players, however, have got out of the habit of playing with instant rhythmic verve; under their current music director, and it took them most of the first concert to recall the old Bernstein bounce. The first week

## Bernstein's inspiration

New York Performances conducted by Leonard Bernstein have an electricity less because of their musical value than because Bernstein's presence serves to give them a sense of occasion. This was particularly true of the two-week stint with his old orchestra, the New York Philharmonic. He deliberately chose only American music of living composers, adding at the last minute a heartfelt rendition of the *Adagio for strings* in memory of Samuel Barber.

The two weeks were centred on the music of Copland, in honour of his eightieth birthday, and the composer was present both ways to acknowledge the standing ovations.

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included Copland's early *Dance Symphony*, a curious, formative work, while the second presented selections from his series of old-time songs sung in a rather restrained manner by Marilyn Horne.

Bernstein included a relatively new piece for each of the concerts: Lukas Foss's *Quintets for orchestra and Ned Rorem's Sunday Morning*. Both pieces make very approachable sounds; the Foss plays overtly with current fads, such as meditative music, while Rorem's evocations remain thoroughly his own: intimately scaled, and French in their clarity and colour and avoidance of any kind of vagueness. The last concert ended with a reappearance of one of the mighty American Third Symphonies, that of William Schuman. Premiered in 1941, the symphony—Schuman's first in the form—remains a powerful work. The distinction and individuality of its dynamic first movement may flag in the slower passages of the second, and its finale may contain more empty rhetoric than consistent sustenance of what has gone before, but a performance such as Bernstein's with both fervour and conviction.

The parade of composers appearing to receive the honours and kisses from the maestro, and the evident joy radiated by Bernstein at even those orchestra members who did not play to Philharmonic standards, only accentuated the sense of uplift that was present in Avery Fisher Hall both evenings.

Bernstein's two weeks demonstrated that all-American programmes need not take on a parochial aura, or even one of self-congratulation.

Patrick J. Smith

## Youths hold hostage in university

Mexico City, Feb 18.—Three young gunmen burst into the office of the rector of the University of Mexico last night, took seven people hostage, then freed six of them, with no apparent reason.

The occupation began before noon, and by late evening, a team of university officials, managed to talk the gunmen into freeing all the hostages except Senator Leonora Silva, personal secretary to the rector.

The officials said the gunmen, who identified themselves as students of a preparatory school, wanted more money for laboratory equipment and other furnishings at their school. They also apparently complained that the university discriminated against entrants from their school.

At first, according to the university officials, the gunmen demanded an aircraft, intending to fly to the United States but they quickly changed that demand to one of finding asylum in an unspecified embassy. They said to be about 18 years old and had, between them, a rifle, a sub-machine gun and a pistol.

Campus police said the raiders had tried to capture Senator Ovario Riveria, the university rector—AP.

## Indian mob sets fire to police station

From Kuldip Nayyar Delhi, Feb 18

A mob stoned and set fire to the police headquarters in Muzaffarnagar, 65 miles from here in protest at police brutality against a couple. The police opened fire, but the casualties were not known.

The riot started when Ranjit Singh and his 25-year-old wife were handcuffed, suspended from a tree and beaten unconscious. Seeing people gathering, the police let the couple go, but the two could hardly walk. The woman was taken to hospital.

The mob then attacked the police headquarters. A junior police official was stripped and beaten, and three other policemen were injured. Eighteen people were arrested.

## More tourists visit China

Peking, Feb 18.—Nearly six million tourists visited China last year, a 35 per cent increase over 1979. Only 200,000 of the 5.7 million were foreigners.

The rest were mainly overseas Chinese and citizens of Hong Kong and Macao returning to visit their relatives or tour their ancestral homeland.

## Fraser Cabinet surprised by minister's departure

From Douglas Ashton Melbourne, Feb 18

The resignation on Monday of Mr Robert Ellicott as Minister for Home Affairs and Environment who also resigned his seat in Parliament, has taken the Cabinet by surprise and will no doubt cause some embarrassment, as well as providing Mr Malcolm Fraser, the Prime Minister, with an opportunity to reshuffle his government.

Over the past few years there have been several resignations from the Government with the general feeling that those who have left have found Mr Fraser overbearing.

But no one seemed to know that Mr Ellicott was considering resigning and certainly the move was carried out with great speed. Mr Fraser issued a statement saying that Mr Ellicott had brought to the Government "great knowledge, understanding and drive" there is no doubt that Mr Fraser had great respect for Mr Ellicott's legal capabilities.

Less than three weeks ago the Cabinet decided against

appointing Mr Ellicott as Chief Justice of the High Court, after the retirement of his cousin, Sir Garfield Barwick. It is known that Mr Ellicott was bitterly disappointed at the decision.

He is to become a judge of the Federal Court of Australia, but it is not clear whether this appointment had anything to do with his decision to resign.

There will be a by-election for the safe Sydney seat of Wentworth which will make a total of three by-elections facing the Government.

The parliamentary career of Mr Ellicott, who is 52, has been brief but fairly stormy. In 1977 he resigned as Attorney-General because he thought Mr Fraser was interfering with decisions which he considered should be his. Before entering Parliament in 1974, he was Solicitor-General.

Mr Ellicott is known as a dedicated worker with a brilliant legal mind and an inability to compromise. Apart from his 1977 resignation, he had threatened to resign on at least two other occasions.

### Songmakers' Almanack

#### Wigmore Hall

The Songmakers' Almanack has done it again, discovered a strong theme for a documentary song recital that is at once moving, entertaining and instructive. Their new programme "Madame von Meck and her Composers" is concerned largely with her one particular composer, Tchaikovsky, and with the story of their passionate friendship by correspondence, neither wanting to meet the other lest reality spoil the exchange of noble admiration and warm regard.

Since their relationship was by letter only, there is abundant

material for a telling of the tale. And since so many of Tchaikovsky's songs feed on the household emotions he and his patron encouraged in each other, there is no problem in finding musical illustrations.

Indeed, the narrative line, eloquently presented by Graham Johnson from the piano stool, provided a gripping context for 17 Tchaikovsky songs that might otherwise have been rather an embarrassment. It also seemed to help the singers that they were giving their performances, as it were, in character: Richard Jackson as the great lady, expressing hate for the son and the son's gleefully announcing his homecoming.

There is a dead father to be considered; indeed, he is dead—and Mr Kitchen has other family voices to provide, taking on the task of speaking for the household where he lives. Both actors speak with a private comprehension that holds their words together and Mr Kitchen provides a colourful picture of the other, under the family mantle of the great lady, expressing hate for the son and the son's gleefully announcing his homecoming.

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### Family Voices

#### Lyttelton

meant to assume too much substance, and the cast list provides no names for the characters, only a numerical listing of voices one, two and three. Family Voices was originally even further from substance when it was first performed by the same actors over Radio 3 last month, but as Sir Peter Hall translated the production from the airwaves to the stage, two of the characters assumed the forms of Dame Peggy Ashcroft and Michael Kitchen.

Seated, against illuminated rectangles, rather like parchment screens, Dame Peggy and Mr Kitchen at first seem simple enough: Mr Kitchen's character is a simple, direct, verbal manner; but this being Tokyo Irish, quarter way ended, of course, with a song.

There seemed to be quite a lot of songs, about (by the talented Dave Brown, working far within his capacity), but the real trouble lay in the script, garrulous, tirelessly expository, with a large of intrusive verbal background music. The wit of the opening sequence dissolved almost at once into a morass of lugubrious whimsy. There were "characters" but no characters; there was "drama" but no drama beyond the wearisome spectacle of endlessly shaking dewlaps and inexorably accumulating chins.

honour, two of his desperate old blimps took to the air and ended the Irish quarter way ended, of course, with a song.

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### Play for Today

#### BBC 1

It sprang out of a good idea, the author of *Spokesong*, *Catchpenny Twist* and *I'm a Dreamer*. Montreal had turned his Irish talent for dramatizing the dreams of the underprivileged in an interesting direction. The *Kamikaze Ground Staff Reunion Dinner* (beware of lions tames) would be a feast of the lifeless words left on the servants by their brief but searing contact with their sacrificial masters. It would investigate the possible effects of that same culture-shock which drove Yukio Mishima to his gory end.

At the climax of Parker's story, after a protracted drunken argument about

### Stan Tracey

#### Ronnie Scott's

Stan Tracey's octet is tearing into its Fifth Street season with more ideas and conviction than I have ever heard the group display; probably the musicians are simply rising to the challenge of an extended engagement, something all too rarely offered to British modernists these days.

The opening set on Tuesday night consisted of three long pieces, each devised primarily for the benefit of the band's fine soloists but all providing evidence of Tracey's straightforwardly effective method of blending written material with improvisation.

An extended tempo blues, similar in spirit to Charles Mingus's "MDM", allowed space for the horns and for Tracey's piano, avoiding standard trajectories and targeting his changes at unexpected intervals. The shouting ensemble featured one glorious chorus in which Harold Becker's trumpet and Derek Wadsworth's trombone used wa-wa mutes, flourished in the style of early Ellington, leading directly to the trombonist's solo, a combination of machine-gun stutters and broad walls. Tracey's piano spoke alone and in a duet with Art Themen's tenor saxophone. Themen backed over cutting horn riffs. Clark Tracey showed evidence of a recent improvement in technique and imagination by placing clever cymbal rolls beneath Becker's glancing solo, and Don Weller, the Moose Malloy of the tenor saxophone, exploited his remarkable rhythmic security to haul the piece home.

A meandering ballad was largely built around the alto saxophone of Jeff Daly, whose controlled febrility consistently overcomes the derivative nature of his style. Themen's intervention solo was marked by his over-use of squawks and whimpers, eccentric efforts which were never combined into a statement.

Clark Tracey's growing sense of swing and his continuing inability to develop a solo were both evident on the last piece, a fast boppy line prefaced by Roy Babbington's imposing bass over-use of squawks and whimpers, eccentric efforts which were never combined into a statement.

The octet will benefit considerably from this season, which ends on Saturday; a visit is firmly recommended.

### Richard Williams

Some of the reviews on this page are reprinted from yesterday's later editions

# Arts agenda

In two months' time English National Opera North is planning to end its fledgling role and take flight as an independent company: it expects to announce in April that it is severing the links with its parent company, English National Opera. The Leeds-based company, founded in 1978, has been promised a "not ungenerous grant" from the Arts Council for the coming year and believes it is now ready to stand alone. Exchanges of productions with ENO will continue, but on a goodwill basis; there are also talks to swap productions with the Welsh and Scottish opera companies.

It will not celebrate its independence with a flurry of costly new productions but rather by increasing the number of performances it gives; the company is still relatively under-employed and wants to soft-pedal other developments until it is providing the maximum possible number of performances. One change will be the end of its present somewhat cumbersome title: its new name is likely to be simply Opera North.

Peter Maxwell Davies's second symphony, commissioned by the Boston Symphony for its one-hundredth anniversary season, receives its premiere in Boston next Thursday with Sir Charles Mackerras conducting. Next month the orchestra will play it in New York, San Francisco and Los Angeles. Britain should hear the work this summer with a performance by the BBC Symphony under Claudio Roldánovsky at the Proms. Both orchestras are likely to have their hands full. Davies promised a really virtuosic work, and the score indicates that this was no idle threat—the trumpet parts in the first movement are planned to be on the high as *The Roving Forties* will be directed by Christian D'Chalange, who has himself just completed a post-holocaust film: *Malevil*, based on the novel by Jules Verne. Davies, who has just finished work on *Memoirs of a Survivor*, a film about a post-disaster Britain which is expected to be released towards the end of the year, will play the wit of the composer. Much of the month's music is planned to be on the high as *The Roving Forties* will be directed by Christian D'Chalange, who has himself just completed a post-holocaust film: *Malevil*, based on the novel by Jules Verne.

Local council spending could spell the end for one of the more unusual drama companies to appear in recent years: the Scottish Gaelic theatre company. It is lost its grant from the Western Isles Council (worth £16.3 this year) and as a result grant from the Scottish Arts Council (£44,000 this year) is in jeopardy: the arts council would be extremely difficult to continue fund the group unless it has a substantial support from the local authority.

Fir Chlis, set up in 1978, not had an easy start: based in Tarbert, on the Isle of Harris, it has to tour very widely to attract an audience. Since Scotland has no pool of Gaelic actors, it had to develop its own. The would seem sad if the company was unable to grow maturity. The arts council now asked to meet the Western Isles Council to discuss whole position.

Productions of Puccini's early opera *Manon Lescaut* something of a rarity in Britain, but next season Royal Opera House will produce the work with Kiri Te Kaa in the title role and Pl Domingo as her lover Grieux. Sir Colin Davis conducts.

After all the trouble rounding up its appointment new director, the St. Lawrence Festival in Canada has announced its programme 1981, which will run from 4 to October 31, with a French secret: Danielle Neveu and by Lea Carlini played Sweeney Todd on Broadway. Shakespeare will be represented by *Coriolanus* and *The Taming of the Shrew*. The festival will also include productions of *Wild Oats* (originally extolled by the Royal Shakespeare Company) and Gilbert and Sullivan's *HMS Pinafore*. Dews, late of the Chik Festival Theatre, will both *The Shrew* and *Comedians*.

Scottish Opera believes has achieved the largest audience for opera in Europe. Last week it performed *The Bar Shirelle* and *La Bohème* Edinburgh Playhouse, a newly renovated theatre large that a full house of 2,919 people. Scottish cannot find a bigger crowd for opera anywhere.

Roman Polanski's film, *Tess*, based on a novel by Thomas Hardy, opens in the West End April 9. There were doubts about its distribution. Britain, but the film, with actress Kinski, Peter Firth and Leigh Lawson leading, has gained great success. United States and recent Golden Globe and the best foreign film.

Martin Huc

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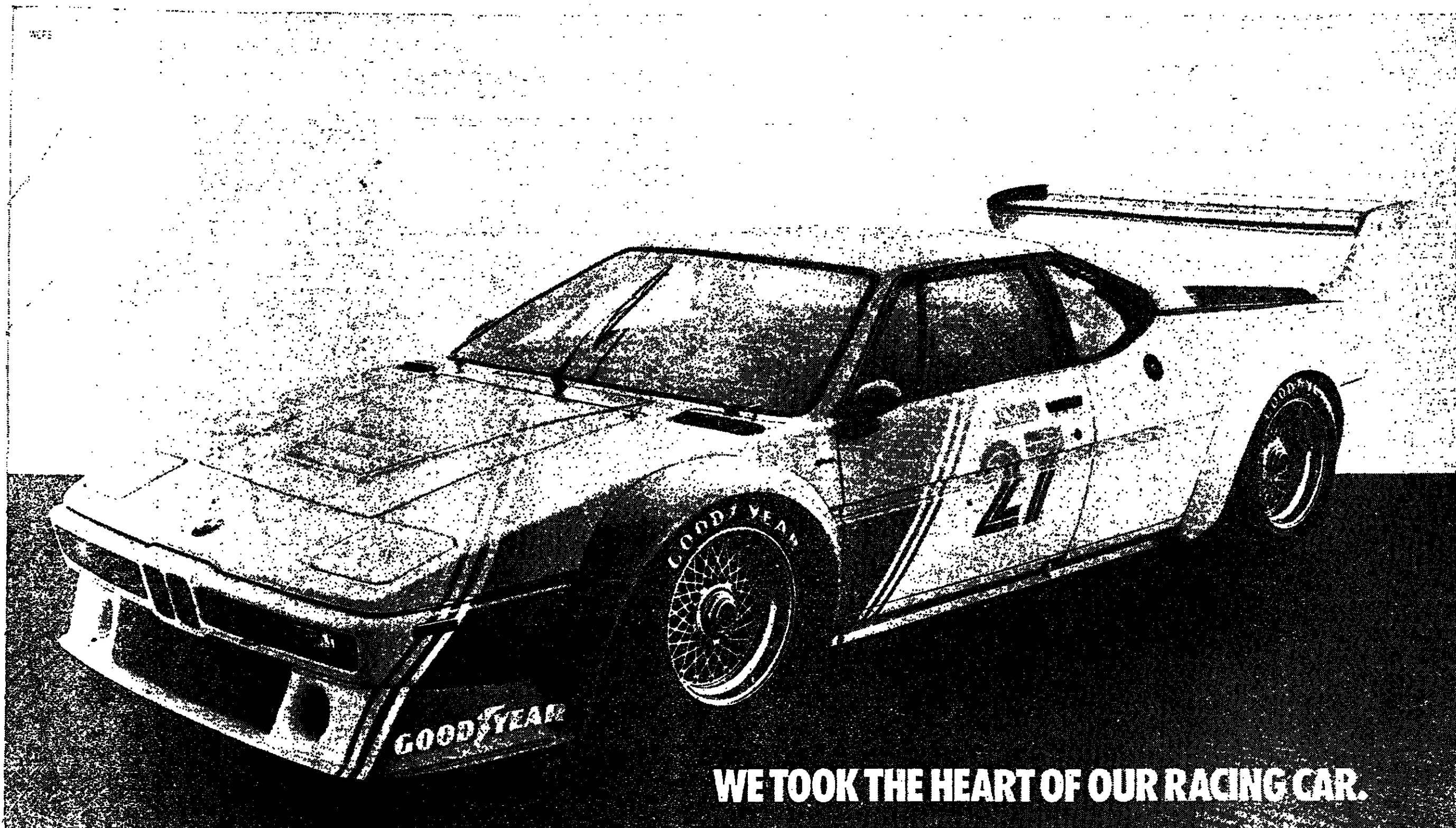


7-7-7. Another Captain 2-9-6. Even  
 14-9-6. Tenecoon 12-9-6. Arrigan  
 14-9-6. My Friendly Cousin 11-9-6.  
 Three To One 10-9-6. White  
 10-9-6. Son and Her 11-9-6. Drome  
 15-4-1. Sandwulan 13-9-0. Choral  
 Festival 10-8-12. No Gypsy 12-8-12.  
 Rashnik 11-8-12. Three of Diamonds  
 9-8-12. Barrow Chief 12-8-10. Kline-  
 ville 12-8-10. Delojes 10-8-9. To be  
 run over four miles. Four Furlongs at  
 Liverpool on April 4.









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## NUCLEAR POWER IN DISARRAY

In its first report, the new Select Committee on Energy has made a powerful attack on the nuclear industry. This is not surprising. The history of the development of nuclear power in Britain over the past decade and a half has been a sorry tale of wrong decisions, missed opportunities, and wasted money. But this does not mean that the Committee's recommendations are right.

On coming to power, the present administration quickly realized that the nuclear industry was in disarray, and that if nuclear power was going to play an important role in meeting the energy needs of the future it would need new orders and a commitment to a steady ordering programme. In fact, Mr. Howell's statement of December 1979 was little more than a reaffirmation of the policy of the previous government. It backed the electricity authorities in building two British-designed advanced gas-cooled reactors (AGRs), while establishing the option of an alternative by putting an American pressurized water reactor (PWR)—the type damaged at Three Mile Island—through a public inquiry, and ordering roughly one station a year of each type for ten years from 1982.

The programme appeared modest but rapidly ran into trouble as the Central Electricity Generating Board cut its demand estimates by 7 per cent. The

Central Policy Review Staff was called in to examine whether the two recently ordered British AGRs should go ahead. After much heart searching in Cabinet the industry was allowed to continue with both. The Select Committee has not had the benefit of seeing the CPRS report, but it is convinced that only one of the AGRs should have been ordered. A minority of three of its members believed it was wrong to order either, arguing that the generating capacity is unnecessary and that the British design would be unlikely to produce electricity at sufficiently low cost.

The committee recognizes that it is now too late to cancel either order. In fact there have always been strong industrial arguments for keeping both going, as it is extremely doubtful whether the building of one AGR after a ten-year break in ordering would have been sufficient to keep the British design as a true alternative if the American PWR failed to win public consent. But the main thrust of the Committee's argument is to suggest that failing energy demand has made Mr. Howell's programme over-ambitious. Therefore recommendations that each new order should be evaluated on its economic merits.

This does not seem sharply different from Mr. Howell's own statement that the precise level of future ordering should depend

on the development of electricity demand and the performance of the industry. But it is very different in spirit. It rejects the idea of a steady ordering programme, which the industry so desperately needs. In fact the Committee does not want another station to be ordered until the first PWR is nearing completion, and that is likely to be at least six years away. The report says the Committee does not want to create uncertainty, but that is exactly what it does, and that uncertainty is compounded by a recommendation that the Government look urgently at the Canadian CANDU reactor, the performance and safety of which the Committee much admires.

The CANDU option is seen by the Committee as an alternative if the PWR fails its public inquiry. That is always a possibility but there can be no guarantee that the CANDU would be any more acceptable than the PWR, and in the AGR Britain has a machine which, despite its high cost and unreliability, is regarded by many as a potentially successful reactor. The Government would be well advised to stick to the policy it has adopted. In providing energy for the future it is better to over-order rather than under-order. More than anything else, what the nuclear industry now needs is the assurance of stable policies.

## AMERICA'S DILEMMA IN EL SALVADOR

The European trip by Mr. Lawrence Eagleburger, the Assistant Secretary of State, designate, is an indication of the seriousness with which the Reagan Administration is treating the crisis in El Salvador. Mr. Eagleburger, who is due in London today, has already been in Bonn, Paris, and Brussels, and in each place he has been anxious to present the American version of events. Basically, this is that the Soviet Union, Cuba and other communist countries are intervening in El Salvador by providing military aid to the guerrilla movement, and that the governing junta of military men and Christian Democrats should be supported. Clearly Mr. Eagleburger must be listened to and his evidence of foreign intervention studied. Equally clearly he must expect a certain scepticism. The unfortunate truth about El Salvador is that it has suffered from military repression for nearly 50 years, and that the military have tended to be supported by moneyed interests and the political right. Like other similar regimes in Central America, the Salvadorean military have also been backed by the United States. It is not to condone the activities of the guerrillas to say that it is hardly surprising that a violent

resistance movement has grown up. Its emergence is not the doing of Cubans or other outside agents. The best way for the Americans to react is not simply to back a policy of repression in the name of anti-communism. Such an approach can do nothing to solve the very serious difficulties faced by El Salvador, and could in the long run lead to the installation of just the sort of anti-American leftist regime it was intended to prevent.

If there is firm evidence of Soviet, Cuban or other intervention in El Salvador, that would be a serious matter, and no European government could treat it lightly. But the crisis in El Salvador, like difficulties in the rest of Central America, is more a matter of foreign intervention, and Europeans would like to feel that the Reagan Administration appreciates the complexity of the situation. The Carter Administration understood the issue, and responded by seeking amicable relations with the revolutionary government of Nicaragua, promoting reform in El Salvador, and emphasizing human rights throughout the region. The policy failed in El Salvador because the moderates who joined the military government were not able to control the

rightists in the armed forces and elsewhere. But that is no reason to revert to the simplistic approach of previous administrations, which tended to put the fight against communism above all other considerations.

The danger for the Americans is that El Salvador could become a running sore in their foreign policy, with public opinion ranged against them across the world. Parallels could be drawn with Vietnam or, *mutatis mutandis*, with Afghanistan if they went so far as to commit troops. Luckily there is every sign that they are aware of the danger and Mr. Eagleburger's trip with its aim of consulting America's allies before policy has been formed, is to be welcomed. It is true that El Salvador, on the United States' doorstep, is of far greater concern to them than to the Europeans. It is also true that some European countries would be prepared to support American policy in El Salvador, whatever it was, because of their need for American support in areas of greater importance to them. But an American policy of just providing arms and not trying to bring about a negotiated settlement would cause considerable strains.

## CIVIL SABOTEURS?

The Civil Service unions, who have been offered 6 per cent and may have the sum increased to 1 per cent when they meet Lord James on Monday, have been eering themselves for industrial action to enforce something over the 15 per cent they think their due. Regional action committees have been formed, sensitive targets chosen, a "communications centre" set up in Westminster, endorsement of the membership has been secured or being sought.

The way the union spokesmen see it is that civil servants are being treated in an intolerable fashion by the Government. A twenty-five-year-old agreement about the method of fixing their pay has been broken. Facts about payment of pay rates outside being ignored, though produced by an independent research body. They are being discriminated against for political purposes and to set an example to others. They are angry at what they see as a breach of the circumstances: refusing to be walked over and threatening to retaliate. That is how they see themselves. It is not how others see

them. From outside they look like a large, swollen, class of employees which has fared well in recent times in respect of pay, pension rights and job security. This time they are being required to make do with a small increase in a size common enough throughout manufacturing industry, and in service industries—outside the financial sector where there are still rich pickings to be had. The preparations they are making, with the care and vocabulary of a general staff, may look to them like normal collective sanctions for use by those labouring under a large grievance. From a little further away they look like a conspiracy to sabotage crucial parts of the financial business of the state.

The general secretary of the Inland Revenue Staff Federation said the other day that there was a serious risk that some of his members would sabotage tax computers because of their depth of feeling about the pay negotiations. He was careful to say that his union would not condone such action, which would indeed be criminal. If the general secretary is right and if the state

of mind of some inland revenue officials; and if, as must be supposed, it is a state of mind that is not confined to one Civil Service union; and since a readiness to cripple some important operation of government by damaging the equipment on which it is performed is but an extreme instance of a commoner readiness to cripple the operation by damaging the administrative process necessary for its performance; then the attitude of public servants towards the duties they are entrusted with by the state has undergone a sad corruption.

In the interval of sharpening their contingency plans to disrupt the flow of government business, the leaders of the civil servants' trade unions ought to pause to reconsider the attitude that is implicit in their preparations. There are a lot of civil servants, but some have public charge of business that is central to the state. They are in positions of exceptional public trust. They also as a class have a more than average interest in the order, effectiveness and reliability of the public administration. And of course they ought to be treated fairly.

Having increased income from its activities—through sponsorship and otherwise—the Poetry Society lost £5,000 of its ACGF grant last year in the form of a "guarantee against loss". For next year the ACGF have reduced the society's grant by a further £3,000 (£15,000 in real terms). This further cut is probably the result of our making a surplus last year. This latest cut must place in jeopardy our ability to continue raising income in the way the Arts Council suggests, for the society uses its public money so that for every £1 it receives it generates a still larger sum.

Surely financial efficiency and success should be rewarded rather than penalized by the ACGF? This should be especially so when the ACGF is cutting its own subsidy to many organizations and when public money spent on the arts should be seen to be effective in promoting the arts.

You are our obedient servants, CLIFFORD SIMMONS, Chairman, DANNE ABSE, President, ALAN BROWNJOHN, Deputy Chairman, BERNARD BROOK-PARTIDGE, NORMAN BUCHAN, The Poetry Society, 21 Earls Court Square, SW5. February 5.

## Arts sponsorship

From the Chairman of the Poetry Society and others, Sir, Despite the exhortations of the Minister for the Arts that arts organizations increase their income from commercial sponsorship, the experience of the Poetry Society suggests that the Arts Council of Great Britain can act to discourage this.

## ideo discs

From Mr David Fisher, Dr Alex Comfort's disquiet about the prospects of video discs would be easily assuaged if it were inevitable that the medium degraded its contents. However, the video disc is intrinsically malleable as print and can be produced and published exactly in accordance with an author's or a publisher's wishes. Dr Comfort does not see the rights of his sex-unselling book and so have the right to prevent it from being reduced into a video adaptation. Perhaps Dr Comfort's argument is ally only with his publisher?

It is important to appreciate the significance of the video disc. Like broadcast television or the cinema film, it is a publishing medium which can be used to carry a book. Indeed, it could carry a sequence of still or moving pictures, or any combination of these. It is under a control of the user and publisher in exactly the same way as printed matter, apart from requiring an electronic device to play it. It is a new type of medium for the creation as well as dissemination

## Need to expand the economy

From Professor W. A. H. Godley, Sir, By general consent, the first major industrial slump since the thirties has now arrived. But those who believed a sustained recovery would occur without a complete reversal of policy are wrong.

The Minister keeps saying that full employment policies such as those followed by Mr Macmillan inevitably led to higher prices. This is not true. Under Mr Butler and Mr Macmillan inflation fell pretty steadily from 9 per cent per annum in the two years 1950-52 to under 1 per cent per annum in the two years 1958-60. Nor is it true that inflation dies down, this by itself will create jobs. An increase in jobs can only occur if there is a large and sustained increase in sales of British-produced goods and services.

The exchange rate has now been so high for so long that changes in exports and import penetration are bound to exert a negative influence on sales for several years even if inflation falls to nil. There is nothing under present policies to offset this except some small, temporary relief when despatching comes to an end.

It is time people stopped assuming that a spontaneous recovery is round the corner and realized that the slump, so far from coming to an end, still has to be early stages. They should see that it is a matter of desperate urgency for the survival of our industries and the future of our society that, whether or not import controls are imposed, fiscal and monetary policy should now be changed so as to expand demand and bring down the exchange rate.

The longer an attempt at expansion is delayed, the more our economy will be devastated and, since new policies take a long time to be effective, the greater the difficulties that will then be encountered.

Yours faithfully, WYNNE GODLEY, Department of Applied Economics, University of Cambridge, Sidgwick Avenue, Cambridge.

## More work, more leisure

From Mr Mark Wathen, Sir, In the early thirties, as a humble junior bank clerk in a provincial town, I wrote to you on the subject of unemployment. The gist of my letter was that we had now reached an era in history when, at last, man need not work so hard, having invented machines to help him. Working hours could therefore be reduced and man could learn to use his leisure. Fearing that, in the unlikely event of your publishing my letter, my employers might disapprove, I later cabled you not to publish, what I kindly published my thoughts as a fourth letter.

Fifty years later one wonders, once more, whether this grave problem is being approached in the right way. As fast as we create jobs we create machines to do those jobs. If, however, all overtime were for- feited, as it is possible, and we achieved a much shorter working week, more of us would be working and we should be able to enjoy more leisure, which we should have to learn how to use. Many of us would earn less, but many more out of work would be employed on a part-time basis.

I have put this approach to others in responsible positions and on the shop floor. I have had nothing but agreement, with the proviso that the problems would be formidable and that it could not be applied to all. It would be most interesting to hear the views of others. Yours faithfully, MARK WATHEN, Talisker House, Carbot, Isle of Skye, February 4.

## Intervention in Poland

From Professor Robin Kembell, Sir, Soviet intervention in Polish affairs seems to be increasingly regarded as an "inevitable" corollary of the Yalta agreement on all sides one hears expressions of surprise and relief, and almost of gratitude and admiration, that the Russians have been "tolerant" so long.

It seems high time to point out that, by any normal standards, there is a state and cannot be one for any such interference, which, Yalta or no Yalta, socialism or no socialism, would still represent a flagrant breach of all those international obligations to which the Soviet Government voluntarily subscribed (a view recently expressed, incidentally, by other communist states such as Romania and Yugoslavia).

The measure of people's "relief" is exactly the measure of the outrage and standards of international conduct to which the Soviet Union has accustomed us hitherto. Only against such utterly false criteria does observation of the elementary norms of international decency take on any significance.

It may well be true, as you stated in your leader yesterday (February 11) that "the Soviet Union's interest in Poland is probably more military than ideological", but this applies not to the United States in relation to their NATO allies. Yet who has ever suggested that the United States had a right to intervene (let alone dreamed of intervening) militarily in any of those NATO countries which from time to time have put at risk the security of the Alliance: Turkey and Greece, Portugal (when that country seemed on the brink of a communist takeover), not to mention France, who withdrew from the NATO pact altogether?

This seems to be one more sphere in which people, even those of the highest intentions, are becoming the unwitting victims of a myth and are in serious danger of applying double standards. I am, Sir, your faithful obedient servant, ROBIN KEMBALL, Université de Lausanne, Faculté des Lettres, Section de Langues Slaves, Rue Cité-Devant 2, CH-1005 Lausanne, February 12.

## SAS conduct in embassy siege

From Brigadier J. J. H. Simpson (Retd)

Sir, The Attorney General has already pointed out (February 17) the selective nature of the facts advanced by Mr Bruce Harris (February 16), and where he has his facts wrong.

As an ex-Commander of The Special Air Service, I would make two points only, which I suspect are not fully understood. 1 The SAS are used as a very last resort when all other means of saving hostages have failed. The legal requirements and procedures have been studied and rehearsed exhaustively and rehearsed. 2 Once committed, the overriding priority of the troops involved is to save hostages' lives (incidentally at very great risk to their own). At Knightsbridge the terrorists had six days in which to surrender and, when the assault went in, they had already killed. In the split-second timing necessary to save hostages, there could be no question of the SAS taking the slightest chance of the terrorists using the weapons in their possession, or which might have been concealed.

Without knowing details of the Embassy siege beyond what I have read in the press or seen on television, I would venture to suggest that a number of hostages might not be alive today had the SAS not acted as they did. The SAS are a very carefully selected and professional body of men who know not only the risks they run, but also the law as it stands. Yours faithfully, J. J. H. SIMPSON, c/o Barclays Bank International Ltd, 30 Old Broad Street, EC2.

## From Dr Graham Zellick

Sir, Mr. Hall-Jones (February 16) is mistaken in stating that section 3 of the Criminal Law Act 1967, which governs the use of force in preventing crime, was not designed to cover highly trained and powerful armed soldiers called in to support the civil power, but was "aimed at the 'have-a-goers' and others who

## Nationality Bill

From Mr Ivor Stanbrook, MP for Orpington (Conservative)

Sir, Because it was tabled at a late stage, the significance of one of the Home Secretary's proposed amendments to the Nationality Bill has not yet been fully appreciated. I believe it will be bitterly resented among British overseas.

The original Bill provides that such people, if not born in this country, will not have the right to pass on their children that citizenship which has been their birthright and their ancestors' birthright through many centuries of British history. It also provides that immigrants to this country who become British citizens will also not have the right to pass on that citizenship to their children.

This way the balance struck in the Bill between the competing claims of immigrant Britons and those of indigenous Britons living abroad. Although it seemed unfair on Britons who have for generations served the country overseas, Conservative backbenchers were prepared to accept it. As Mr Whitelaw's Private Secretary said in a letter of February 2 to the Director of the United Kingdom Immigrants' Advisory Service (Mr John Ennals):

## Zimbabwe press ownership

From Mr Colin Legum, Sir, At the time of the original announcement that Mr Robert Mugabe's Government was planning to reform Zimbabwe's press ownership there was considerable media criticism in this country, including from yourself. But since the official plans have been announced I have not seen a single comment, either for or against, in any national newspaper.

What must therefore remain in the minds of readers of the British press is the first impression they were given that the Zimbabwe Government had completely nubbled its newspapers. I submit that all of us concerned about defending press freedom where it exists, and enlarging it where it doesn't, should take some encouragement from what is proposed in Zimbabwe.

Instead of establishing a government-controlled press—so sadly the case in much of the Third World (not, of course, to mention the communist world)—the Zimbabwe authorities have transferred ownership to a Media Media Trust, modelled somewhat on the lines of the BBC, whose charter was studied by the Minister of Information. Dr Nathan Shamuvira.

The appointed board of trustees

## Youth and 'The Times'

From Mr John Duckworth

Sir, Many a Times reader must have felt a slight tremor of unwelcome anticipation when Mr Murdoch spoke last night (February 16) on Panorama of his intention to seek to attract "the younger reader" to your columns.

I trust he may be prevailed upon to limit such efforts to increasing the subsidy you have for many years afforded your student readers. While allegations formed from such exposure to your manifold excellences must often prove lasting to the point of entry under your "Deaths" column, they might be fragile when confronted with the young, in contrast to their seniors.

What evidence have you that reading *The Times* comes upon one only in later life? Yours faithfully, JOHN DUCKWORTH, Lincoln House, 296/302 High Holborn, WC1.

From Professor J. D. Lever, Sir, During the course of his interview on *Panorama* this evening (February 16) Mr Rupert Murdoch declared his hope that *The Times* would in future be more attractive to a younger readership. I believe that the present devotees of *The Times* are persons of discrimination from many age groups who appreciate its incomparable journalistic standards. Yours faithfully, J. D. LEVER, University College, Cardiff.

## Opting out of the Canadian quarrel

From Professor Hedley Bull

Sir, It is intolerable that both sides in the Canadian constitutional dispute should be seeking to make the United Kingdom Parliament the instrument of their purposes, thus ensuring that whoever will be heaped upon this country whether it accedes to the "request" for "partition" on Ottawa's terms or not.

Here, as in so many other cases in the recent past, Britain's interests are only damaged by reluctance to break free of an historical involvement that has become purely fictitious. Parliament should disregard both Ottawa and the Provinces and take steps to divest itself of all responsibility in relation to the future of the British-North America Act, thus throwing the problem back into the laps of the Canadians, where it belongs.

Yours sincerely, HEDLEY BULL, Montague Burton Professor of International Relations, Balliol College, Oxford, February 16.

## Wembley decision

From Mr William Rodgers, MP for Teesside, Stockton (Labour)

Sir, Mr. Ken Gill (February 18) makes the point perfectly. The argument over the electoral college is not about percentages but policy or, as I would prefer to put it, principle.

Mr. Gill, who is both general secretary of AUEW (Technical and Supervisory Section)—not, incidentally, of the engineering union as a whole—and a member of the executive committee of the Communist Party, claims that the Labour Party is essentially the property of the trade unions. In this way, he justifies the fact that communists, amongst others, will help to elect the Labour leader under an electoral college. He is surely right to hold this view and is quite frank about it. But does it really appeal to those of my colleagues in the House of Commons who have embraced an electoral college?

I see that the leaders of the new Labour splintering Committee seek to reverse the Wembley decision. But "reverse" involves a return to the previous practice whereby the leader of the Labour Party has been elected by Labour MPs. Is this really their united object? Or are they at one with Mr. Gill in wanting to elect an electoral college and only hope to fiddle with the figures?

Yours sincerely, WILLIAM RODGERS, House of Commons, February 18.

## Suspected racial attacks

From Mr Kent Barker

Sir, While a journalist should be cautious in reporting, especially of his own material, I must take issue with Andrew Brons as he quotes me in his letter of February 15. Although it is true to say "there is absolutely no evidence that the National Front as a body or political party either instigates or sanctions such (racial) attacks" (my italics), what Mr Brons fails to mention is that there is plenty of evidence to suggest that supporters and members of the National Front are consistently involved in racial attacks.

Furthermore in supporting his premise that such attacks are "further evidence that the multi-racial society has failed" Mr Brons totally fails to consider how avowedly racist groups and organizations serve to promote such attacks by influencing the opinions of the young and impressionable. Sincerely, KENT BARKER, 14 Croome Hill, Greenwich, S.E.10, February 16.

Knowing Mrs Todd, I am confident that she would not for a moment have considered becoming a trustee without having completely satisfied herself of her independent role.

Of the five editors appointed one is Mr Willie Masuriva, an executive member of Mr Nkomo's own party, not of Mr Mugabe's. Naturally, the system has its weaknesses and is open to abuse—as, indeed, is the BBC. But it does strike me as a step to be welcomed and encouraged in the rest of the Third World: perhaps Solidarity might borrow from it in its struggle to enlarge press freedom in Poland. Yours etc, COLIN LEGUM, 15 Denbigh Gardens, Richmond, Surrey.

Medical defensiveness

From Mr Gerald Robertson

Sir, Your leader "Medical defensiveness" (February 4) makes the bold statement that "In the last 10 years, the number of court cases in which doctors are accused of professional negligence has risen 10 times". This is certainly a view which many in the medical profession would have to believe, and it may well accord with the general public's impression as a result of increased publicity surrounding such cases. However, your statement purports to be one of fact, rather than merely a reflection of medical or public opinion, and as such it could scarcely be further from the truth.

The annual statistics published in relation to legal aid proceedings (which account for almost all medical negligence cases) once they are adjusted to take account of variations in the method of analysis in recent years, demonstrate that medical negligence proceedings have not even doubled in the last 10 years, let alone risen 10 times. Uninformative editorial comment such as this only serves to compound the dangerous myth that our courts are being swamped by a tidal wave of medical negligence claims. Yours faithfully, GERALD ROBERTSON, Faculty of Law, The University, Leicester, February 12.

Care of ancient buildings

From Lord Mersey

Sir, I share Mr Lloyd Webber's romantic attraction (February 16) to the overgrown state of Sagham Abbey. But it must be the case that the Department of the Environment's job is to preserve ancient buildings for future generations. And it is also the case that vegetation on a building is a parasite feeding on that building. Ivy, for instance, destroys mortar.

The DOE's plan of naked masonry "have often been described as ugly and sterile. But the alternative is monumental collapse. In 50 years' time Bayham Abbey could be no more than a pile of old stones. Yours faithfully, MERSEY, 1 Rosmead Road, W11, February 16.











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12.46	112
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692.00	250
5.75	456
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Why 'grannies' may get younger after the Budget, page 21

# THE TIMES

## BUSINESS NEWS

Stock markets	
FT Ind 489.3 up 3.8	FT Gilts 69.30 up 0.17
<b>Sterling</b>	
\$2.2665 up 25 points	Index 102.2 down 0.3
<b>Dollar</b>	
Index 100.2 down 1.0	DM 2.1865 down 12 pts
<b>Gold</b>	
\$505.00 up 50 cents	
<b>Money</b>	
3-mth sterling 13 1/4	3-mth Euro 5 17 1/2
6-mth sterling 17 1/2	6-mth Euro 17 1/2

### Rise in average earnings slows to less than 10pc in a year

By Frances Williams

Earnings are rising, on average, at less than 10 per cent a year, half the rate of increase of a few months ago.

The Department of Employment figures published yesterday show that the rise in average earnings slowed in December for the fourth month running. Over the year the underlying increase was 18.5 per cent, down from 21.5 per cent in September.

But in the three months to December, the underlying rise in earnings averaged 0.75 per cent a month, equivalent to an annual rate of 9.5 per cent, half the rate of increase in the previous three months.

Official figures are backed up by the latest results from the Confederation of British Industry's pay database, also published yesterday. These show that two-thirds of more than 150 notified settlements in manufacturing industry in December and January were in single figures, with the average around between 8 and 9 per cent. The average for July and August was 15 per cent, and more than 13 per cent in August.

The index of average earnings for December was distorted by large amounts of back pay for some 600,000 local authority workers, collar makers, who received a 13 per cent pay rise backdated to last July. As a result, the index rose sharply to stand 19.4 per cent higher than a year previously, compared with 18.9 in the year to November.

An underlying rate of increase in earnings of 9.5 per cent means that pay is now only just keeping pace with inflation and the increasing burden of income tax and national insurance contributions.

The tax and price index, which combines the rise in retail prices and taxes on income rose at an annual rate of 9.4 per cent.

### Approval sought for £739m extra spending

By Melvyn Westlake

The Government yesterday sought Parliament's approval for an extra £739m for public expenditure programmes. The request for extra spending came in the Spring Supplementary Estimates.

In total, the new estimates amounted to £2.015m. However, £1.280m of this related to the transfer of BL shares from the National Enterprise Board to the Department of Industry. This is essentially a bookkeeping transaction and gives rise to no net charge on the Consolidated Fund or public expenditure.

The request for £739m arises from 55 separate supplementary estimates. But, with the exception of £176m for the provision for the Temporary Short Time Working Scheme, the additional public expenditure was included in the forecast of higher spending made by Sir Geoffrey Howe, the Chancellor, during his November mini-Budget.

He admitted that the volume of expenditure in 1980-1981 would be some 11 per cent higher than originally thought.

The Spring Supplementary Estimates are the third and last of the annual supplementaries. These three have added almost £4,500m to the original estimates for 1980-81, laid before Parliament in March (including the £1.280m involved in the transfer of BL shares). Thus the original estimates were £5,612m, and the year's total estimates come to £10,092m.

However, there is normally some underestimating of money voted by Parliament. In recent years this underestimating has amounted to about £1,000m.

Some £939m of the supplementary estimates sought yesterday were for items covered by cash limits. Defence spending accounted for by far the largest breach of cash limits. There were just four other small breaches, totalling just under £4m. The defence cash limit is now expected to be overspent by some £260m.

### Tighter surveillance of BL spending

By Edward Townsend

The Government is tightening its hold on the running of BL. It is ordering the car group to seek formal government approval for any project costing more than £25m and to submit monthly progress reports.

This arrangement will start at the end of March, when ownership of the company is transferred from the National Enterprise Board to the Department of Industry.

As has been promised, BL will have to submit its monthly reports to the Department of Industry and the Treasury.

Sir Keith Joseph, Secretary of State for Industry, told MPs yesterday that BL would be subject to a memorandum of understanding which would oblige the company to submit reports giving financial details. BL would be treated like the British Steel Corporation and the Post Office.

The £25m limit on capital projects was being included because the Government wanted to remain in the right to veto spending if the reports showed only a "marginal hope" of the company moving ahead.

Sir Keith, giving evidence to the Commons Industry and Trade Committee, said that as banker and shareholders' representative, the industry department had the right to refuse BL additional funds and to change the management.

"We would prefer to leave the BL board to make decisions on whether, what and when to sell any of the assets; these decisions are at the centre of management strategy."

During the second reading of the Industry Bill it was announced that £2,900m (and ultimately £3,250m) was earmarked for BL. This included the £1,500m recently approved but also covered the company's external financing from private sources and was intended to cover BL's total funding for the next five years.

The company's latest corporate plan calls for a further tranche of £150m from public funds in 1983 and 1984 but this is yet to be approved.

Sir Keith told the committee yesterday that the Government hoped BL would be able to raise finance from depreciation, profits, the private sector and through collaboration deals with other companies. But there were grounds for scepticism and BL was operating in "an immensely tough market."

Asked to justify the £990m aid, which will be given to BL in the form of new equity, Sir Keith said that while the Government was impressed by the success of the Mini-Metro, it was "appalled" at the cost to the taxpayer. However, productivity had improved and industrial relations were far better than in the past.

### European trade warning to Japan

A European delegation has warned Japan to restrain its exports to western Europe, or face the consequences.

"The time for discussion has ended. Urgent decisions are needed to restrain Japanese exports to Europe," Sir Fred Warner, the former British ambassador to Japan, said in Tokyo.

Sir Fred led a 17-member delegation during two days of talks in Japan.

Without urgent action, western European public opinion would demand strong measures to safeguard its industries, he said.

Japan would have to decide whether to open up its markets to EEC imports as well as to restrict exports to Europe.

Meanwhile, Japan is seeking assurances from the Community that its import monitoring system will still allow Japanese goods to flow freely into Western Europe.

### Dollar loses ground against mark

By John Whitmore

Financial Correspondent

The Deutsche mark regained further ground against the dollar yesterday as speculation rose that the Federal Reserve Bank would announce a rise in official West German interest rates today.

At the close, the dollar was down further 1.2 pence to DM 2.1865, having fallen from an early fall to around DM 2.1550.

If the Germans raise their Lombard rate, at present 9 per cent, some other countries, within the European Monetary System may follow suit in a general attempt to narrow the differential between interest rates in Europe and those in the United States.

The one major exception to such a trend would be the United Kingdom, where official interest rates are expected to come down in next month's Budget—though a minority market view still feels that a reduction could come before then.

As a result enough sterling was available for sale against the dollar to bring the rate down yesterday, though it recovered from a "low" of DM 4.91 to show a net fall of only 11 pence against the German currency at DM 4.96.

Against the dollar, sterling fell 2.25 pence to \$2.2665, after briefly rising above the \$2.28 level.

In domestic financial markets the "make-up" day for the February banking month passed without problems. There was a moderate surplus of funds moving from the cash market to the markets and short-term interest rates were not upset.

Gilt-edged stocks were quietly firm with rises of up to 25p at the long end of the market. The government broker was able to place a small amount of Treasury 12 per cent 1986 at £20 1/16.

### Banks refuse to raise 8.5pc clerical pay offer

By David Felton

Labour Reporter

The prospect of industrial action in banks was raised yesterday after employers refused to increase their 8.5 per cent pay offer to 200,000 clerical workers.

The TUC-affiliated Banking Insurance and Finance Union (Bifu), which represents about 70,000 staff, said negotiations had broken down and there would be no further meetings unless the employers indicated that further money was available.

Its leaders will now get the views of members on whether there is support for industrial action, and will consider in the next few weeks whether to hold a ballot for industrial action.

The clearing bank union, the other main union in the industry, which has about 90,000 members, met employers in separate talks and expressed anger at the "demagogic" manner in which their arguments for an improvement in the offer had been treated.

The CBU, which was formed by the amalgamation of the staff associations at Barclays, National Westminster and Lloyds banks, has a moderate membership, but Mr Jack Britz, the general secretary, said last night that he was sure there would be calls for industrial action from some members.

Unlike Bifu, the Confederation of British Industry is expecting to have further talks with the employers early next month.

Both unions apparently argued that the banks could afford to meet their respective claims in full. The CBU is seeking a cost of living increase, while Bifu submitted a 20 per cent claim linked to other improvements in conditions and fringe benefits.

Mr Britz said that if the offer was accepted, bank employees would see their standards of living eroded.

In an unusual display of agreement with the CBU, Mr Leif Mills, general secretary of Bifu said: "The attitude of the employers is Edwardian, bordering on the Victorian. They seem quite oblivious to the fact that under the offer the living standards of their staff would be considerably reduced."

Mr Mills expected that the clearing banks would be making divided increases to shareholders running into double figures as a result of the profits they have made this year.

"It would be quite monstrous for shareholders to receive a double figure increase while the employees are kept to this level," he said.

The unions argued that in view of substantial increases won by workers in other sections of the finance industry, particularly insurance, where settlements are running between 11 and 14 per cent, their members should receive similar increases.

The Federation of London Clearing Bank Employers said last night that its negotiators had reiterated the wish for a single figure settlement and "it had heard nothing at this stage to make it change its offer of 8.5 per cent."

Under the offer, the starting salary for grade one employees, the category into which most cashiers fall, would rise from £2,958 to £3,209, and the salary of a senior cashier would go up from £4,952 to £5,373.

### Americans face 'rough medicine' of spending cuts

#### Reagan policy aims for fourfold jump in economic growth in 1982

From Frank Vogl

Washington, Feb 18

The White House is urging Americans to face the "rough medicine" of spending cuts to achieve a fourfold jump in economic growth in 1982.

Officials said that expectations were crucial to the success of the programme and to the attainment of both high economic growth and low inflation.

One observer described the programme as "a high wire act where a great deal can go wrong."

Financial markets are likely to take a similar view, and they are unlikely to become much more bullish as a result of today's announcements.

America is facing intense European pressure to reduce interest rates, but officials said that today's programme was likely to be viewed as a good response as the decline in inflation expectations would lead swiftly to lower United States rates.

This would promote greater stability in currency markets, officials said.

The White House has committed itself to work closely with other industrial countries to secure consistent international economic policies. These would help promote price stability and economic growth and reduce protectionist pressures.

Mr Widenbaum said: "This is an innovative programme designed to break away from the standard stop and go policies of the past. For example, we are assuming a new steadiness in both fiscal and monetary policies over many years—we are talking policies to halve the 1980 rate of growth in money supply by 1981."

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### Rates rises 'may force companies to close'

By Patricia Tisdall

Companies are faced with closure and redundancies because of the proposed large increases in local authority rates. Mr Bryan Rigby, the deputy director general of the Confederation of British Industry, said yesterday:

"We recognize that the change from rate support grant to block grant means that some authorities will receive less money than they had expected and may have to raise their rates. But this does not explain why some areas such as Hackney are apparently looking for increases of 70 per cent. Rates are increasing out of all proportion to companies' ability to pay," he said.

The CBI expects rate increases to average 20 per cent but has calculated that a minimum overall increase would add £800m to industry costs in the coming financial year. It would mean that the rates bill for industry which is now about £420m would increase to about £500m.

"With some companies such as ICI paying out £35m in rates currently, we are talking about very large numbers indeed," Mr Rigby said.

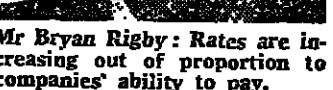
Expressed as a proportion of industry gross profits, rates have increased from about 9.5 per cent in 1973 to about 33.5 per cent now, on CBI calculations. This is because rates increases have been greater than inflation over the past year while company profits have slumped.

One retailer member of the CBI Council said that rates were now such an important overhead charge at about 3 per cent of sales value, that the effect was starting to be felt in high street prices. The alternative was squeezed margins and closed premises.

Mr Rigby said that if all local councils followed the Government's spending guidelines, the average increases in the rates poundage would be very small indeed—about 0.2 per cent.

Twenty-four out of 39 shire counties which benefited from the change the block grant system were expecting to levy average increases of 8 per cent government guidelines whereas if they followed the government guidelines decreases could have been expected.

"We are deeply worried by forecasts of increases of more than 50 per cent in some areas."



Mr Bryan Rigby: Rates are increasing out of proportion to companies' ability to pay.

### Merseyside work plan

Merseyside County Council is seeking approval to establish its own company, Merseyside Limited, the first project of its kind in the United Kingdom to aid the growing number of unemployed teenagers in the region.

### Birmid profits slide

Birmid Qualeast, the country's largest independent foundry group with interests in central heating and lawnmowers, suffered a fall in pre-tax profits from £6.4m to £2.25m. Sales fell from £216m to £210m in the year to October 31 and the final dividend has been passed.

### Textile earnings drop

United Kingdom wool textile export earnings last year were £97.8m, a fall of £11m on 1979. The National Wool Textile Export Corporation said that out for the high sterling exchange rate, exports would have been considerably larger particularly in the Far East and North America.

### Car jobs warning

Mr Robert Jackson, Member of the European Parliament for Upper Thames, told Japanese government ministers in Tokyo that a 1 per cent increase in the market share for Japanese cars at least 30,000 jobs in European motor manufacturing.

### Builders' supplies

Merchant builders' sales fell 18 per cent in December in comparison to December 1979, but the sales were an improvement on the previous month's slump which showed trading to be down by nearly 24 per cent.

### Wall Street higher

The Dow Jones industrial average closed at 947.10, up 42 on Wall Street yesterday. The S&P 500 index rose 2.63 while the F&S 500 index was 0.39961.

### Mac Gregor pledge on 'unfair' steel prices

By Hugh Noyes

Parliamentary Correspondent

Mr Ian MacGregor, chairman of the British Steel Corporation, will personally investigate any allegations of unfair pricing by the corporation that could endanger the future of private steel companies.

Mr Norman Tebbit, Minister of State for Industry, announced this pledge in the Commons last night during the second reading of the British Steel Bill, as he struggled to reassure anxious Conservative MPs concerned that the huge sums of government money being provided for the corporation could force private companies either to shut down or to declare redundancies because of unfair practices by the public sector.

Closure fight: Shop stewards at Firth Brown, the Sheffield steel and engineering company, yesterday vowed to fight the decision to dismiss 1,250 workers, about one third of the labour force.

A meeting of 120 shop stewards decided by a small majority to reject the company's plan, announced earlier this week.

Mr Jack Illingworth, chairman of the stewards' committee, said: "We intend to fight the redundancies. At this stage it means work sharing, redeployment and further short-time working in an attempt to save the jobs of our members."

Further talks are planned with company executives, but the shop stewards' committee will organize a meeting of 4,300 workers if those talks fail to make progress.

The company blamed falling orders, rising energy costs, increased rates and the strong pound for the decision to shed the jobs.

Companies threatened: Further subsidies to the British Steel Corporation could destroy the independent sector of the steel industry, Mr Walker Goldsmith, director general of the Institute of Directors last night (Peter Hill writes).

In a statement issued as the Commons debated the Government's Bill which will raise the BSC's borrowing ceiling to £5,000m, Mr Goldsmith said that subsidizing private companies which were being forced out of business by unfair, taxpayer-financed competition from the BSC was no solution to the industry's problems.

"It will be a disaster if the taxpayer ended up by supporting both the public and private sectors of the industry in a battle royal of subsidised competition. It would amount to back door nationalization by a Conservative government," he said.

### Metal Box to shed 700 jobs

By David Hewson

Metal Box, Britain's largest can manufacturer, is to make 700 workers redundant at 10 of its general line division factories. The company is already committed to a further 4,000 redundancies in other divisions.

It said that while the economic recession, the strength of sterling and higher interest rates had influenced the decision, the loss of jobs was necessary to improve the competitive position of the division by reducing overheads.

The division produces a variety of metal containers for the cosmetic, pharmaceutical, household products, food and confectionery and other industries.

The factories affected are at Aintree; Carlisle; Mansfield; Sutton-in-Ashfield, Nottinghamshire; four in London and two in Hull. The redundancies will reduce the size of the general line division to 6,600 employees.

Workers at the Lucas Girling brakes factory at Bromborough, Wirral, Merseyside, voted by five to three to accept the closure of the brakes plant with the loss of 700 jobs.

Kraft Foods is to make 370 redundant over the next three years.

### PRICE CHANGES

Rises		Falls	
Irish of Ireland	15p to 278p	Wool	21p to 131p
Broken Hill	10p to 680p	French T.	7p to 125p
Asiatic	35p to 81p	Wool	7p to 63p
Asiatic	14p to 85p	Wool	10p to 66p
Electrolux	25p to 87p	Wool	5p to 110p
<b>THE POUND</b>			
Bank buys	1.91	Bank sells	1.91
Australia	36.70	Australia	36.70
Austria	34.50	Austria	34.50
Belgium	34.00	Belgium	34.00
Canada	2.79	Canada	2.79
Denmark	15.75	Denmark	15.75
France	9.75	France	9.75
Germany	11.75	Germany	11.75
Italy	11.75	Italy	11.75
Japan	118.00	Japan	118.00
Switzerland	12.40	Switzerland	12.40
USA	1.37	USA	1.37
Yugoslavia	236.00	Yugoslavia	236.00
Other	466.00	Other	466.00
Bank buys	5.56	Bank sells	5.56

### £2m advertising campaign to promote 800 cheaper fast selling lines

#### Woolworth sets scene for more price cutting

The high street discounting "war" looks set to reach a new pitch as the result of a meeting, hosted by Woolworth, yesterday. The company hired Wembley Conference Centre for 1,200 suppliers, stockbrokers and media people to hear about a year-long price-cutting campaign.

And though Woolworth executives played down suggestions that its "Operation Crackdown", starting tomorrow, will not have the same impact as when Tesco switched to a discounting policy after dropping trading stamps, with 1,000 stores and 15 million customers weekly, Woolworth is bound to stimulate fresh moves from competitors.

The 1,000 suppliers were warned yesterday by Mr David Collier, director of sales and advertising, that Woolworth buyers would expect manufacturers to share the discount cost. Woolworth expects their cooperation in return for extra production.

The other "carrot" is that the £2m cost of the television and advertising campaign for Woolworth's "Operation Crackdown" will be shared by suppliers. Suppliers usually cover about half the cost. This time, the suppliers' share will be just over 30 per cent.

The price cuts in the first three months will be on lines in Woolworth and Woolco stores, mainly on fast-sellers and covering goods like confectionery, cosmetics, furniture, fashion, lighting, lawnmowers, toys and hi-fi. The cuts range from less than 10 per cent to nearly 50 per cent.

The company is being coy about the extent of discounting related to turnover, but there is some indication of the impact from the number of lines held in Woolworth stores, about 12,000 in the average store but probably double that in the largest. Around 2,000 lines are already heavily discounted.

Mr Geoffrey Rodgers, Woolworth's chairman, said: "We have already cut our costs to aggressive price-cutting campaign."

Woolworth is beefing up its marketing campaign early instead of relying too much on the final quarter of the year, when the company traditionally does well in the run-up to Christmas.

Its results collapsed in the second quarter of last year and recovered in the third. December saw sales up 12.5 per cent against an estimated inflation in their goods sector of about 9 per cent. There was real growth of 3 per cent or more, according to Mr Collier.

The Woolworth management still feels there is some room for the discounting operation to be extended to more lines.

There must be a limit, nevertheless. In the nine months to October the company's pre-tax profits fell to £7.1m from £22.2m, with sales only marginally up in value.

"So we have grasped the nettle by going for a very, very aggressive price-cutting campaign."

Mr Geoffrey Rodgers: grasping the nettle.

the bone and we know it would be suicidal to try to raise profit margins.

"So we have grasped the nettle by going for a very, very aggressive price-cutting campaign."

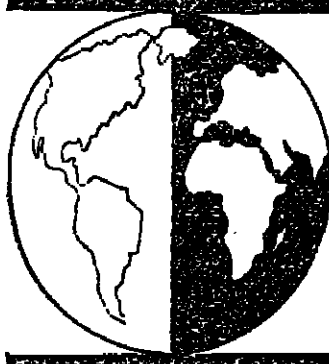
Derek Harris

DAEJAN HOLDINGS LIMITED			
INTERIM STATEMENT			
Unaudited Results for the Half Year ended 30th September, 1980			
	6 months to 30.9.80 £'000	6 months to 30.9.79 £'000	
Rental Income and Charges			
Receivable, less Property	2,834	2,468	
Outgoings	2,480	3,279	
Surplus on Sales of Properties	71	146	
Other Income	5,285	5,893	
Financing Charges and Other Expenses	3,440	2,963	
Group Profit before Taxation	1,945	2,930	
Less Taxation	750	1,050	
Less Minority Interests	9	8	
Earnings per share	£1.186	£1.872	
	7.28p	11.49p	

Included in Rental Income is an amount of £366,000 relating to the provision of financial assistance to a retrospective rent review agreed in the current year. An interim dividend of 1.25p per share (1979-1.25p) will be paid on 20th March, 1981, to shareholders registered on 20th February, 1981.

Subject to unforeseen circumstances, it is expected that profits before tax for the year to 31st March, 1981, will be in the region of £3.5 million.





## Pilkington in £31m deal with Taiwan

Pilkington Brothers of Britain have entered a joint venture with Taiwan Float Glass Industry Corporation, for the establishment of a £70m (about £31m) plant near Taichung.

Pilkington will provide 25 per cent of the investment capital while the remaining 75 per cent will come from its Taiwanese partner, a spokesman said.

The plant, once completed in December 1982, will have the capacity to produce 100,000 tonnes of float glass for sale in Taiwan and South-East Asia.

Pilkington will also provide production equipment.

### Anti-dumping duty

The European Commission has imposed a provisional anti-dumping duty of 4 per cent on United States-produced styrene monomer. It fell far short of the dumping margin of 26 per cent claimed last summer by industry.

### Tokyo car talks

Nissan Motor Company seeks agreement with Volkswagen by about June on the number of Volkswagen cars to be produced and sold in Japan. Meanwhile, executives of the Toyota Motor Company and Spain's Instituto Nacional de Industria have failed to reach agreement on ways to rescue Seat, the Spanish car company.

### EEC output rise

The European Commission said the Community's industrial output rose in October and November last year, apparently ending the months-long decline. But it foresaw continuing high unemployment and inflation.

### Turkey seeks aid

Mr Turgut Ozal, Turkey's deputy prime minister is holding talks in Washington with officials of the International Monetary Fund, World Bank and Reagan Administration about prospects for official economic aid of around \$2,000m (£855m) from the United States and the international agencies.

### Norway oil boost

Thanks to increased oil and gas activity, Norway's available real income increased by almost 20 per cent during 1979 and 1980 and last year helped the country to turn a 1979 balance of payment deficit of \$954m (£422m) into a \$862m (£381m) surplus.

### Hongkong loan

A group of property developers in Hongkong has raised a HK\$1,500m (about £124m) property loan from five banks. The loan equals the record Hongkong dollar credit.

### Capital investment

The Italian Government intends to provide 3,000,000m lire (about £417m) in low interest loans over the next five years for capital investment in the chemicals industry. A further 3,000,000m lire will be made available for research.

£50 mini-picture and radio will create about 1,000 jobs in Dundee

## Flat-screen television launched

Mr Clive Sinclair, the 40-year-old originator of the matching radio, the truly pocketable micro-television set and the £100 microcomputer, is about to around the world once more with an ingenious product.

Yesterday in London Mr Sinclair unveiled his new flat-screen television tube and a mock-up version of the miniature set that will use it. The tubes and the sets are to be built under contract and in volume by Timex in Dundee, creating about 1,000 jobs by 1985.

In the first phase of the project, costing about £1.25m, 250 jobs will be created and a production capacity of one million tubes a year will be established. Sometime next year the resulting "pocket micro-television" with FM radio should appear on the market at about £50.

Research and development over the past five years, leading to the flat-screen set, has cost more than £1m, of which about half came from the National Research Development Corporation.

In return for NRDC support, Sinclair will pay a royalty on each set sold; details of the deal have not been made known but it is likely that the corporation would cover its £500,000 investment in two years' production at the rate quoted yesterday.

Research and development has involved not only the design and technical aspects of the flat-screen cathode ray tube but also the highly automated production processes.

These have been tried out at Sinclair's pilot production plant at St Ives, Cambridge, where tubes have been produced at rates of up to 50 a day, and will be applied on a large scale by Timex.

The four-year programme to build up to full production of tubes and sets will cost about £5m. The Scottish Economic Planning Department is providing £1.5m of this; there will be a regional development grant of £1.1m and the rest will come from Sinclair Research.

Sinclair Research will own all equipment and will fund its own contribution from the profits of its personal computer business. The NRDC licence is an exclu-



Mr Clive Sinclair with his flat-screen television.

sive one, and the company will achieve total ownership of the tube technology after certain payments have been made. There will be no equity participation by external investors.

The flat-screen technology shows typical Sinclair ingenuity in packing more (in terms of performance) into less (in terms of size, weight and power consumption). By "flat" is meant three-quarters of an inch thick; the viewing surface measures four inches by two inches.

This could be scaled up to give larger-size screens for future products, Mr Sinclair indicated yesterday, and the preferred method for this would be by pro-

jection from small tubes. The joining of the company's computer and flat-screen technologies was highly likely.

Compared with a conventional cathode-ray tube with the same size of screen, the present Sinclair unit is claimed to be three times as bright, half the volume, and is claimed to use between one-quarter and one-tenth the electrical power.

With further computer and television developments already in the pipeline, what will Mr Sinclair turn his talents to next? Something to do with electric vehicles, we are led to believe.

Kenneth Owen

## Honda seeks more BL cooperation

By Our Midland Industrial Correspondent

Honda of Japan is so pleased with the progress of the joint venture with BL, the joint venture with BL, that it is pressing the British group to extend cooperation to other Honda models for sale in the United Kingdom and Europe.

Honda executives who have visited BL's Cowley plant, have been so impressed with the speed and quality of the work being carried out there on the Accord that they no longer fear that inferior British quality will damage their reputation.

Mr Kiyoshi Kawashima, president of Honda, said: "With increased reliability established between the two companies we will soon proceed to the second step of cooperation."

This included plans to broaden the variants of the present model and also to make further models in Britain under licence. He hoped an agreement would be reached soon.

Talks have been under way for some months to extend the present deal for one four-door, 1.3 litre saloon model to include more variants of the Accord.

It is understood that BL is reluctant to commit itself until the Accord is actually in production to its satisfaction and has had a chance to test market reaction. Volume production is due to begin in June with a target of around 30,000 cars in the first full year.

The possibility of extending the cooperation still further to include Honda models now being developed is likely to cause more difficulties.

## W Midlands becoming 'industrial wilderness', unions claim

By Clifford Webb

Union leaders are so concerned about the economic decline of the West Midlands, once known proudly as "The workshop of the world", that they want urgent action by the Government and the European Economic Community to prevent it becoming an industrial wilderness.

A campaign calling for a new regional policy backed by financial assistance was opened yesterday in Birmingham by the regional council of the Trades Union Congress.

Last year the number unemployed in the West Midlands rose by 8.4 per cent, making it by far the worst region in the country. The national average was 5.2 per cent.

A 120-page discussion paper outlining the problems and recommended solutions will be debated today by a special conference of senior West Midlands union officials.

It says: "There is now hardly a single sector of manu-

facturing in the region that is not inferior to some foreign country and that has not been replaced by some other source. Old industries are being allowed to die or are being destroyed.

"In the new technology industries, development is not taking place on a level with our major competitors. From weaving machines to machine tools, from combine harvesters to television sets we are being out-classed, outproduced and out-sold."

The paper complains that while successive Governments, assisted more depressed areas, there was a presumption within the Treasury in particular that the West Midlands, with 100 years of prosperity behind it, would remain a rich parent to its poorer neighbours and needed little attention.

The decline in vehicle production has a disproportionate impact on the region, where it is estimated that one worker in six is dependent on the fortunes of BL. As a result of

that company's loss of markets, 47,000 jobs went between 1965 and 1977.

The engineering industry, which employed 700,000 in the region in 1965, lost 128,000 jobs over the following 12 years—44,000 more than expected on the basis of national trends.

Employment in vehicles is expected to decline by a further 60,000 over the next five years. Until last spring, management appear to be adopting their traditional tactic in the face of falling markets—jettisoning semi-skilled workers while hanging on to skilled men to await the upturn.

But from May even skilled workers were being made redundant with Lucas Industries firing the first major shock.

The paper claims that its researchers had access to confidential management papers prepared by Lucas stating that in its opinion "the situation is all but lost for the British motor industry".

## Equipment leasing growth rate slows

By Roman Eisenstein

Companies who are members of the Equipment Leasing Association, last year bought £2,359m worth of equipment for leasing to their clients, a 31 per cent increase on 1979. When adjusted for inflation, the rise in real terms is a respectable 14 per cent.

At the end of last year, ELA members' owned equipment, which originally cost £6,891m, compared with £5,030m in 1979.

From small beginnings, leasing has expanded so fast that it now accounts for 12.4 per cent of all new capital investment in plant and equipment in Britain. But, while growth has been fast over the past five years, it seems to be tapering off. Assets acquired by leasing companies in 1979 grew by nearly 50 per cent and by nearly 80 per cent in 1978.

While the market expanded in most sectors the sharpest

rise was in leasing equipment to industry. Plant and machinery acquired during the year by leasing companies for their clients doubled from £415m to £830m. Manufacturers and other industrial customers took on assets worth £368m, a 17 per cent increase. There was also a 41 per cent rise in new business.

The amount of assets leased by central and local government more than doubled from £96m to £201m.

## LETTERS TO THE EDITOR

## Calculating the fall in the inflation rate

From Mr E. W. C. Symes

Sir, The main news item in *The Times* today (February 14) referring to the fall in the inflation rate, highlights the general misconception on this matter in the public mind. While it has been accepted for some time that the movement of prices over the preceding twelve months shall be regarded as the current rate of inflation—(your headline "Prices show annual rise of 13 per cent")—if the previous six months is considered instead of twelve, as you point out in the following paragraph, the figure is only 7.5 per cent per annum. Moreover, this has been the rate on average throughout the six month period and appears unlikely to be exceeded in the next six months.

At a time when the rate of inflation is falling, as at present, there seems to be no sense in calculating it on a period as long as twelve months in arrears, when the figure is swollen by the inclusion of, for example, the first half of last year when it reached a peak of 22 per cent. There can be no doubt that the general acceptance of some such figure as 13 per cent as the "current rate of inflation" contributes largely to wage claims of the order of 11 per cent—incidentally applying to the next twelve months—being thought necessary to maintain the standard of living.

Yours faithfully,  
E. W. C. SYMES,  
Culmore,  
Kington Deverill,  
Wiltshire,  
February 14.

## Government's pursuit of its policies

From Mr Derek Gaultier

Sir, Your interview with Mr Michael Heseltine (February 13) confirmed what I have long suspected, namely that this Government is no more resolute in pursuit of the policies upon which it was elected than were its predecessors.

Of course capital investment cuts are "quicker and easier"—because they transfer the burden of making people redundant from the public to the private sector. But that in no way makes them either right or desirable in the long term interests of the country. Nor does it square easily with the oft-repeated assertions during the election campaign and when the Government first came to office that it intended to transfer resources from the public to the private sector.

The plain fact is that this Government, as so many of its predecessors have done, is taking the "soft option". To take but three instances—it failed to grapple with the problem of inflation proof pensions, with the result that in November 1979 £290m, of public money went into that bottomless pit (equivalent together to about one-eighth of the current total civil engineering programme); in the public sector there is still only one redundancy fund; and, in the private sector, that austere apostle of the market economy and the virtue of profits, Sir Keith Joseph, has already

handed £950m to BL and is apparently about to give away vast sums to British Steel.

If Mr Heseltine is really saying that civil engineering and private industry as a whole must wait until Government has actually managed to return to its original objectives and has not its own spending back on course, current indications are that we shall have to wait a very long time. Meanwhile, much-needed roads and by-passes will remain unbuilt and our sewerage system will continue to crumble.

Indeed, the whole infrastructure on which the regeneration of manufacturing industry depends will decline. The simple truth is that, on the experience of the past two years, we cannot afford for Government to take its leisurely time.

The civil engineering industry, with its far reaching effects on industry and people in general, has a right to ask what happened to the priorities on which this Government was elected. It is to be hoped that they are not going to prove the truth of Disraeli's saying that "a Conservative Government is an organized hypocrisy".

Yours faithfully,  
DEREK GAULTIER,  
Director General,  
The Federation of Civil Engineering Contractors,  
Cowdray House,  
6 Portugal Street,  
London, WC2A 2HH,  
February 17.

## Conservation of energy

From Mr Ian Munro

Sir, The idea of a national agency for energy conservation (as reported by your Science Editor, February 9) may be the heart of the matter. Individuals and organizations who have long been campaigning for a serious national commitment towards a more efficient use of the nation's primary energy resources. However, those of us who have assiduously presented our standard home insulation (roof, walls and floors) on the basis of economic thickness and 3 per cent per annum real increase in fuel costs. Although in the meantime these costs have accelerated ever upwards, and no official body has refused the logic of the recommendations, there has been virtually no action.

The Department of Energy, if given the chance, is eminently capable of action which will profoundly affect for the good the energy future of the country. Yours faithfully,  
IAN MUNRO,  
Director-General,  
Eurosol-UK,  
64 Wilton Road,  
London, SW1V 1DE,  
February 12.

Nowhere has this need been more clearly demonstrated than in housing, where we have been manifestly lagging in equipping ourselves for an expensive and scarce energy future. Building regulations, this country call for insulation standards only half those operative in continental countries of comparable climate. In a paper published over two years ago my association proposed much higher standards for new home insulation (roof, walls and floors) on the basis of economic thickness and 3 per cent per annum real increase in fuel costs. Although in the meantime these costs have accelerated ever upwards, and no official body has refused the logic of the recommendations, there has been virtually no action.

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Director-General,  
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64 Wilton Road,  
London, SW1V 1DE,  
February 12.

## Investment in electrification

From Mr Stanley F. Steward

Sir, The financial justification for main line electrification has now been established by the final report of the joint steering group. Here is an investment opportunity in the public sector which is indisputably self-financing and profitable and which, as Professor Bainbridge says (February 16) will remove the dependence on oil. Financial restraints should not be allowed to delay the

authorization of this programme as, before it can be completed, oil will be prohibitively expensive and it will be impossible where it can be substituted. We cannot afford to leave our main transportation system at this risk and, fortunately, electricity produced by nuclear fuels and coal provides the ideal answer.

STANLEY F. STEWARD,  
The Automobile Association,  
Pall Mall,  
London, SW1Y 5ER.

## Warning for computer users

From Mr D. A. Eyetons

Sir, The dissatisfaction with computers, experienced by American small businesses reported by Margaret Coffey (February 16) is being shared by many small businesses in the United Kingdom. The low cost of microelectronics is resulting in cheap computers being installed for the first time in very small businesses in large numbers. From the many pleas for assistance addressed to the Computing Services Association, it is obvious that a substantial proportion of these small business users are finding that the computer manufacturers' claims are not being realized because of inadequacies in the accompanying systems and programs (software).

The problem is not that the computing hardware fails to perform to its guaranteed specification but that the total system, including software, fails to produce the results which are required to run the business. The inexperienced first-time user does not appreciate that the hardware is cheap and that good software can be very expensive. If the programs are specially written to meet the requirements of a particular business, then the expense can easily exceed the cost of the

hardware. If the software is mass-produced to sell to a large number of identical businesses at a low cost it very often fails to meet individual special requirements and is not able to produce the same output as the old manual system.

These factors have been well understood by the large computer users for many years, but the lesson still needs to be learnt by this latest wave of small business users. Any businessman intending to install his first computer should concentrate on specifying the output that he requires from the overall computing system in order to run his business properly. He should also have a clear statement of the data currently available for input to the computing system and he should not be distracted by the irrelevant jargon of megabytes and nanoseconds. Modern microcomputers and microprograms offer impressive raw computing power at prices which are becoming cheaper and cheaper, but good computing systems are still more difficult and costly to implement than most salesmen will indicate.

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## Pension rights delay

From Mr Ian Liddington

Sir, Even if (David Green, Letters, February 12) for pension purposes the third nation (the self-employed) can be shown to be disadvantaged compared with the privately employed and "the group at present privileged to enjoy index-linked pensions", it would do well, as would nations one and two, to reflect on the unhappy position of the fourth nation, eg, employees of small businesses, for whom comparable full pension rights will not be available until 1998.

In this field at least the yo-yo effect of the two-party system has much to answer for. The quite sensible scheme development by the Macmillan government in the early 50s was jettisoned by the Wilson administration of 1964. Crossman's excellent scheme sank without trace when the Conservatives took office under Edward Heath in 1970. It was only after Labour had taken office in 1974 that both the major parties agreed on a bipartisan approach which enabled the Social Security Pension Act of 1975 to reach the statute book so rapidly.

What a waste of time and effort! What a cost in terms of the welfare of the fourth nation!

Pensions? Industrial relations? Can we really afford a two-party system any more? IAN LIDDINGTON,  
36 Reigate Hill,  
Reigate,  
Surrey, RH2 9NG.

## Solutions for steel

From Mr J. F. Safford

Sir, Mr Michael Grylls (February 17) draws attention to the dilemmas facing the steel industry. The first objective must be the creation of an internationally competitive and efficient steel industry; the second, the maintenance wherever possible of at least two alternative sources of supply in the United Kingdom. The absence of such domestic competition would lead many users to increase the proportion of their supplies bought overseas.

What must above all be avoided is solutions which are politically convenient in the short term, but industrially damaging for a generation. We are still suffering the effects of a political decision of the 1950s to have two sub-optimal size steel plants in Scotland and South Wales. J. F. SAFFORD,  
Director,  
British Iron and Steel Consumers' Council,  
16 Berwyn Road,  
Richmond, Surrey, TW10 5ES.

## Currency change

From Mr Aidan Ellis

Sir, I have recently returned from France and have a 100 franc note left. I went into a local branch of the National Westminster to exchange it for sterling. The girl behind the counter asked me for my passport and I told her it was not necessary as exchange control was abolished almost two years ago. After a 5-10 minute delay she came back and asked for my name and address. I refused to give it and, quite sensibly, the man who was asked to assist me said "cash was cash". The assistant manager turned up and refused to change the 100 franc note unless I identified myself. I stormed out. I then rang Lloyds Bank who, although sympathizing, went through the same rigmarole. The manager then gave me the impression that asking for a name and address was a waste of time but had not queried the system.

I went to Aspreys and asked the man who served me would he accept a 100 franc note in payment and he said "Yes, cash is cash and ready as ready is."

Has anybody else encountered this strange sequence of events where banks do not want to handle cash but do not want to identify themselves? I then rang Lloyds Bank who, although sympathizing, went through the same rigmarole. The manager then gave me the impression that asking for a name and address was a waste of time but had not queried the system.

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From Mr Brian Read  
Sir, Not only are small American businessmen bemused by the mystique of computers (Margaret Coffey, page 17, February 16) but so, apparently, is a British manufacturer.

Recent advertisements for the new Sinclair ZX80 have stated boldly that this "personal computer" is "of immense practical value" and have suggested that it has many uses in the home. No computer "expert" has been able to tell me any useful task that I could do in the home with a personal computer that I could not do more cheaply and conveniently with a pocket calculator and an index notebook. Yours sincerely,  
BRIAN READ,  
50 St Mark's Road,  
Henley-on-Thames,  
Oxon, RG9 1LW,  
February 16.

# SECURICOR

**PROFIT UP 14½% TO £79m: Comment by Peter Smith, Chairman**

*From a turnover of £174m, pre-tax profit of Securicor Group showed a 14½% increase to £7.9m. Security Services contributing £6.2m. Our international division, operating through 16 separate companies, showed the largest percentage improvement in profitability. Good contributions to profit were again made by the finance, investment, insurance, property, hotels and vehicle divisions.*

*Against a background of continuing recession and highly competitive conditions, profit from industrial security and movement of parcels in the UK again showed an improvement and we were able to absorb remaining development costs in relation to the new freight service. The fall in the cost of insurance consequent upon a drop in the frequency of criminal attacks on our cash transport operations continued.*

	SECURICOR GROUP LTD.		SECURITY SERVICES LTD.	
	Results for year ended September 26, 1980			
	1980	1979	1980	1979
	£000	£000	£000	£000
TURNOVER—UK	156,793	126,437	146,372	119,435
—Overseas	17,732	15,574	17,732	15,574
<b>PROFIT BEFORE TAX</b>	<b>174,525</b>	<b>142,111</b>	<b>164,104</b>	<b>135,109</b>
Industrial security & parcels services				
—UK	3,964	3,624	3,964	3,624
—Overseas	1,296	978	1,296	978
Finance, investments & insurance	2,092	1,623	965	759
Property, hotels & vehicle division	588	705	—	—
<b>Tax</b>	<b>7,940</b>	<b>6,930</b>	<b>6,225</b>	<b>5,361</b>
<b>NET PROFIT AFTER TAX</b>	<b>1,527</b>	<b>1,331</b>	<b>1,284</b>	<b>934</b>
Due to outside shareholders	6,413	5,599	4,941	4,427
<b>EARNINGS PER SHARE</b>	<b>2,373</b>	<b>2,121</b>	<b>4</b>	<b>—</b>
Final Ordinary dividend (proposed)	4,040	3,478	4,937	4,427
Interim Ordinary dividend (paid)	15.8p	13.6p	14.4p	13.0p
	1.11p	1.02p	1.86p	1.65p
	0.5p	0.45p	0.91p	0.625p

مَكْزَا مِنَ الْأَصْلِ



BY THE FINANCIAL EDITOR

## Dalgety reaps takeover benefits

Dalgety's balance sheet may still bear the scars of the £70m takeover and subsequent integration of Spillers but at least the acquisition is beginning to justify itself in profit terms. Interim results from Dalgety show pretax profits up just £500,000 at £16.2m and, although reorganization fudges the Spillers contribution, it is clear that without it trading figures would have fallen.

Most significant impact has come in milling which has increased its contribution four-fold to £4.4m, aided by good grain harvests, price increases and increased demand. But the foods division has also been boosted £3.5m to £8m helped by improvements in pet foods and a return to profit in the United States Modern Maid subsidiary, whose previous drag on Spillers provided the opportunity for the Dalgety bid. Meanwhile, Dalgety's traditional activities have fared worse with malting profits halved to £2.1m and agricultural returns slipping £1m to £10.8m, and the chemicals activities suffering badly.

Outside milling, economic conditions do not hold out much for a significant recovery this time. But Dalgety is sufficiently confident about the traditionally stronger second half to maintain the dividend at 15.7p gross where it is not covered by historic earnings. This was good enough for



Mr David Donne, chairman of Dalgety.

he market which lifted the shares 6p to 80p, where assuming a maintained final dividend of 11.2p per cent provides a sound case for holding on for better times.

Profits could work out close to £40m against £33.4m for the full year to provide fully-taxed p/e of over 10, while any significant fall in interest rates could relieve pressure from interest charges which rose 2.4p to £14.8m. Total debt still stands at £2.7m to represent four-fifths of shareholders funds but this is £18m below the previous interim level and Dalgety has made significant inroads into short-term borrowings which now stand at £97m compared with more than £123m at this time last year.

### Irish Qualcast cutbacks continue

Irish Qualcast's full-year figures provide vivid example of what happens to a company serving yesterday's industries, when decline is compounded by recession. With slumps down by nearly a third in the iron and steel industries which are largely tied to automotive-related industries, Birmid has had to retrench further incurring £10.2m of extraordinary closure and redundancy provisions of which £6m will be cash out as opposed to book losses.

Before counting extraordinary and after stating the previous figures accordingly, retax profits fell from £6.4m to £225,000 for nearly tripled interest charges of £1.6m. After writing off £3.4m advance corporation tax, passing the final dividend including closure costs there was a £3.7m loss compared with retentions of £1,000.

Even before paying out most of the cash costs, net debt nearly doubled to most £25m. But Birmid went into the recession with a strong balance sheet and as a net worth of about £56m—before including an estimated £13m extra on property values—and there is still some cash to be released from asset sales and stock reductions. There is also consolation

in the profitable Portlinton heating division and the home and garden equipment side which together raised trading profits by 56 per cent to £5.8m last year and must be worth more than the group taken as a whole.

But whether Birmid makes profits this year—and it will not in the first half—depends on foundries. Iron casting capacity has been halved since 1977 but there is still spare capacity and without some recovery in demand further cutbacks may be necessary. The difficulty of predicting, and indeed the depth of, the recession, are best illustrated by the fact that a year ago Birmid was honestly expecting a year of consolidation in foundries after extensive rationalization. In the event, the foundries slipped from a £5.1m trading profit to losses of £1.4m. So unless there are firm signs of a pick-up in demand the shares will stay friendless at 21½p.

### BOC International Anxious moments

BOC has made a strong start to the year with first-quarter pretax profits 18 per cent ahead at £14.6m well up to expectations. But the group now seems to be taking a distinctly less sanguine view of the rest of the year than the substantial improvement envisaged in the annual report and profits will do well to get back to 1979's £72.7m.

There has been an all-round improvement in the opening three months with South Africa and Australia living up to their great potential. The Airco business in the United States has also been buoyant with trading profits just over a tenth higher at £8.9m as gases, welding and medical have all done better offsetting a strike-bound graphite side. In the United Kingdom rationalization and other cost reductions have helped protect margins in industrial gases against some volume declines.

But the group is now worrying about the patchy recovery of the United States economy with much of its earlier strength evaporating at the end of December and there could be further redundancy costs during the year at home. Still, despite the rise in interest charges, there have been no major changes in the balance sheet and though it is flattered by BOC's replacement cost accounting methods, gearing is comfortable enough to discount worries about a rights issue.

Up 2p to 120p on the results, the shares are back to their 1980-81 "high" and their new-found popularity owes much to the market's appreciation of the strong current cost dividend cover—CCA profits are actually slightly higher than BOC's modified historical figures—and now that the extra depreciation charges as assets are revalued onto a replacement cost basis are a thing of the past the benefits of this conservative accounting will show through at the bottom line.

Woolworth's price-cutting programme sent shudders through the whole retail sector yesterday, but first impressions are that the market could still be taking the news too complacently in the light of the damage Tesco wreaked in the food retailing business three years ago.

Besides the scale of the cuts, the most important point is that Woolworth's has around 1,000 stores covering just about every shopping centre of consequence, which means that few non-food shops will avoid the impact and that retailers in general face a tough 1981. It will be even tougher if Woolworth's is allowed to grab a growing share of a stagnant market.

Boots, British Home Stores, Asda and Tesco could be the main victims. The last two have problems in non-food lines already. Tesco, incidentally, launched "Operation Checkout" in June, 1977, and that proved to be the time to sell supermarket shares, with an attempted rally scotched a few months later when Sainsbury counter attacked with its own discounts.

Investors are then, likely to remain wary of Woolworth's "Operation Crack Down," despite the optimistic noises it made at yesterday's press conference about Christmas trade, and with the sector as a whole still yielding under 5 per cent and selling at 11 times earnings, prices look set to fall further across the board.

### Economic notebook

## The Deutsche mark under pressure

That the influential German Institute for Economic Research (DIW)—has added its voice to those urging temporary withdrawal of the Deutsche mark from the European Monetary System, indicates the disquiet felt in West Germany about the country's short-term economic prospects. In fact, conditions would almost certainly have to get much worse before such a course of action could be contemplated by the Bonn government.

After all, Chancellor Helmut Schmidt was with President Giscard d'Estaing of France at the moving spirit behind the formation of the EMS in 1979. Indeed, in the eyes of many people, the EMS and the similar (if less sophisticated) arrangements that preceded it looked like little more than the formalization of what, was, in fact, the wider mark zone.

A European Monetary System without the mark would be like playing chess without any kings. The case for the mark's withdrawal from the EMS is that this would permit German interest rates to be cut and thereby contain the recession and inflation also worsened. According to the German Institute for Economic Research, the policy of keeping interest rates high in order to bolster the mark has not done much to prevent imported inflation anyway.

Certainly, the outlook for German business is worse now than was predicted a few months back. Industrial production has been declining since the second quarter of 1980. So far, economic growth in 1980 was much less than half that for 1979 (about 1.8 per cent compared with 4.6 per cent). In 1981, gross national product is forecast by Phillips and Drew to decline by some 0.5 per cent. Inflation also worsened last year reaching 5.6 per cent compared with only 4 per cent in 1979.

In addition, the current account deficit has soared. It may prove to have been not much less than £28,500m (£5,750m in 1980) for nearly twice the original forecast—whereas, until 1978, the country had been piling up ever larger surpluses. Another sizable deficit is expected this year. The large deficit has not, however, been accepted with equanimity by the German authorities.

### Claw back

This has not prevented the mark becoming one of the weaker of all the major currencies in recent months. At the beginning of this week, it stood at its lowest level against the dollar for well over three years having become worth as much as a quarter less against the American currency than it was in the autumn of 1979 when it was then the dollar that was under severe pressure.

Over the same period, the mark also dropped about 6 per cent against a basket of currencies. Within the European Monetary System, it has fallen to its lowest permitted level, at the opposite extreme to the French franc, which has been at its highest permitted level. Only in the last 48 hours has the American currency clawed back some of its large losses.

None of the prevailing theories adequately explain, in any case, just why the mark has been simultaneously weak against the dollar, sterling and the French franc. If the level of exchange rates were essentially determined by differences in nations' inflation levels, as used to be widely thought, then the mark would have been extremely strong in past months, rather than weak.

The increase in German prices last year was on average rather less than half that for other industrial countries. French and American inflation levels were both above the average. Britain's was higher still.

But what is also true is that

Germany has had rather lower inflation rates than those other countries. This, though, has historically been the case. Interest rate differentials are, to some extent, a reflection of differences in inflation rates between countries. High inflation in any country increases the risk that its currency will depreciate against others. High interest rates are, therefore, often necessary to prevent large sums of money going abroad.

However, interest rates in America have also been driven up by domestic monetary policies, which they have in Britain, with the result that the differential between interest rates in New York and Frankfurt is now so large that it is viewed as more than adequate to cover any risk of dollar depreciation.

### Deficit

Such an explanation would not account for the weakness of the mark against the French franc. The interest rate differential between Paris and Frankfurt has been rather less recently, than on many past occasions. Neither is the fact that Germany has a large current account deficit enough in itself to explain recent exchange rate movements.

Another theory suggests that it is the relative tightness or laxity of monetary policy in different countries that determines how their currencies move.

monetary policy has been tight in most countries. In Germany, France and the United States, money supply has grown by less than the increase in their respective money national incomes.

So far, so good. There is no dispute about these facts. But there are definite differences of opinion about the volume of business which these revamped savings schemes, particularly the second issue of grannys bonds, were expected to raise in the present fiscal year.

It was initially reported that the Government hoped to raise £1,500m from the autumn package with the main thrust coming from the index-linked bonds. The Department of National Savings, which was caught on the hop by the September 9 announcement, has consistently repudiated these assumptions and talked instead of a net gain of £2,000m to National Savings in 1980-81.

There seems little doubt that the higher target will be reached. But it is the way in which it is reached which will determine what further savings measures the Chancellor can be expected to include in the Budget next month.

Latest figures from the Department of National Savings due today will show that it is well on line to add another £2,000m to National Savings by the end of March. Total savings which were £13,400m at the beginning of the fiscal year were already £14,600m at the end of 1980 and the January net receipts will add another £800m. February sales figures are good, and barring disaster in March, National Savings should end the year above the £15,400m it has in its sights.

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Melvin Westlake

## Why 'grannies' may get younger after the Budget

Personal savings must play a bigger role in meeting the public sector borrowing requirement. Margaret Stone reports

As the countdown to the Budget begins in earnest, the debate about the funding potential of National Savings is becoming more intense. The Government, which is making efforts to take the pressure off the gilt market, has already made it an article of faith that the personal savings sector should play an increasing role in meeting the public sector borrowing requirement.

The questions are to what extent can the Government mobilize the savings of the man in the street and what is the price it will have to pay? Central to these forward-looking questions is the historical one: how successful has the Government's National Savings package announced last autumn been?

In September significant improvements were made in the Department of National Savings' repertoire of index-linked savings schemes. A new issue of grannys bonds, the index-linked National Savings certificates, was announced with both a new maximum investment of £3,000 (against £1,200 for the earlier edition) and a minimum age limit of 60 for both men and women. And the index-linked Save-As-You-Earn scheme maximum monthly investment was to be raised from £20 to £50.

Flanking the new grannys bonds were the extensions in the upper limits for both the conventional nineteenth issue of National Savings certificates from £1,500 to £5,000 and the Investment Account of the National Savings Bank, up from £50,000 to £200,000. A rearrangement of the premium bond prize structure to give more smaller prizes, announced a few weeks later, completed the package.

So far, so good. There is no dispute about these facts. But there are definite differences of opinion about the volume of business which these revamped savings schemes, particularly the second issue of grannys bonds, were expected to raise in the present fiscal year.

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with its tax free return equivalent to 10.3 per cent net or 14.7 per cent gross to basic rate taxpayers, which is pulling ahead. After attracting £120m in the first week they became available, grannys bond sales are now settling down to around £40m a week—the conventional nineteenth issue is edging up to £45m a week.

The overall success of National Savings in recent months does not totally disguise some disappointment with the grannys bonds—which have suffered from the declining inflation rate, the absence of a bonus and neutral, if not adverse comment from the press.

This is almost certainly bound to force the Chancellor's hand in the Budget if he is to be certain that National Savings will meet his next target—a further £3,000m net intake to some £18,400m.

For declining interest rates will not only strip out some of the inflationary benefits of grannys bonds but must also reduce the impact of both the Investment Account (Invac) of the National Savings Bank and the nineteenth issue of savings certificates.

At the moment the Government is paying well over the odds for this money. The Invac account pays 15 per cent gross and the nineteenth issue 14.7 per cent compared with 11.5 per cent for clearing bank deposits and 13.25 per cent on a building society share account.

In "normal" conditions, the Invac would have been reduced by now and the nineteenth issue withdrawn. It seems unlikely that these present returns will survive another cut in minimum lending rate. With more market-related yields, the pulling power of both the National Savings Bank and the next issue of conventional savings certificates will probably wane.

This in turn will tighten the screws further. Of the £1,200m net addition to National Savings at the end of December, 1980, no less than £595m represented accrued interest (£233m from the Investment Account). So, once interest rates are cut, there will be shortfall here too for the Government to make up.

Although the cumulative effect of the new £50 a month ceiling for SAYE schemes, which begins in April, will be substantial, its initial impact will not be great. Nor are premium bonds packing the same punch as they once did. Without a big new prize to draw in the punters, net sales of premium bonds are expected to tumble forward around the current rate of £41m a year.

There is no secret what the answer to the National Savings puzzle will be. The Treasury has already hinted that it will consider bringing down the age limit for grannys bonds. But will it be to 55 or 50 years of age? Which ever, this relaxation in the age limit bringing grannys bonds within the reach of men and women in the Indian summer of their professional lives is likely to have a much more significant impact on savers than last autumn's changes.

Taxpayers, many of them in the higher brackets, will be able to inflation-proof up to £6,000 of their joint savings in a tax-free investment which carries no charges or front-end loading (when total charges over the use of the savings scheme are all deducted at the outset). It is more likely to be a winner for them than for present savers who are conscious both of the five-year commitment (although it is not binding) and absence of income.

Pleas of discrimination and unfair competition from the building societies in particular are likely to fall on deaf ears. The Government apparently believes that building societies already cream off too much personal savings and is in no mood to put their interests before those of the Treasury.

On the other hand, building societies could be more vulnerable to grannys bonds for the 50 to 60 age group than they apparently are to the present scheme. Although no receipts dropped sharply to £285m in November (when the second issue went on sale), they have since recovered to £448m in December and £446m in January.

Although the main thrust of the Chancellor's Budget plan for National Savings is bound to be grannys bond changes, including possibly a clearer indication of whether a bonus will be paid at the end of five years, new developments should not be ruled out.

Part of that £3,000m extra money from National Savings could come from oil bonds. The talks between the Treasury and British National Oil Corporation about how the smaller saver can participate in the benefits of North Sea oil are not complete, but the bonds could be on sale in post offices before the end of the year.

Another candidate under review which might appear in the Budget is a National Savings interest-bearing security—a noticeable gap in the NS repertoire since the British Savings Bonds were axed a couple of years ago.

With or without these products, there does not seem too much doubt that National Savings will reach its desired target of £18,400m total savings by the end of March 1982. Grannys bonds may not be an outright winner at the moment, but it is a tap to be turned on at any time by subsequent alterations in the age and size limits.

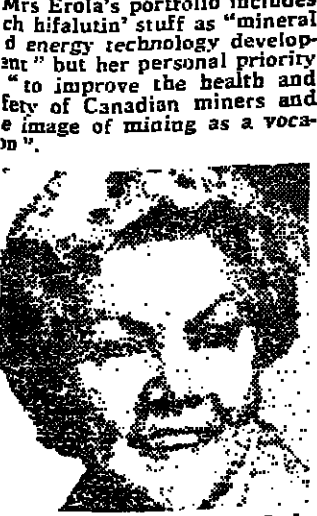
## Business Diary: Punch-prop and Judy • Bandits aloft

avid Howell, the Energy Secretary, is no pin-up with women: not so with his opposite number in Canada, who came to have been chosen by Premier Pierre Trudeau just because she—yes, she—would fit along with the dominion's inners.

Judy Erola (below) is Canada's Minister of State for the Environment and her femininity and vacuity which make her a good ambassador to this vital Canadian industry are more important than her links with mining.

She comes of Finnish stock from Sudbury, northern Ontario, the world's most important nickel-smelting town, and both her grandfather and a husband once worked down a mine.

Ms Erola's portfolio includes chivalutic stuff as "mineral energy technology development" but her personal priority is to improve the health and safety of Canadian miners and a image of mining as a voca-



Canadian Mining Minister Judy Erola.

Having, like everybody else on this occasional publication, received my cards late in the afternoon, I was not too surprised to get a third lot yesterday.

This time, however, the cards came in a box rather than in an envelope; for they are a new version (top right) of my present calling card (bottom right).

The cards were sent as a surprise present by Peter Royle, a director of the London printers W. R. Royle.

In an article I wrote last month Royle described my present card—the standard Times issue—as "terrible". So too, since that article, has reader R. F. Bond of Wolverhampton.

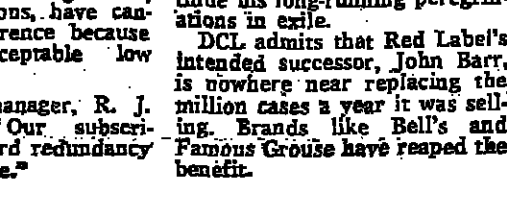
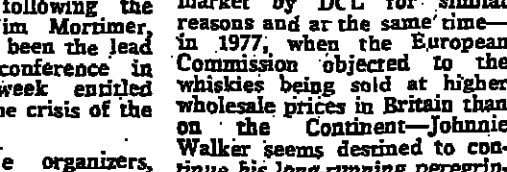
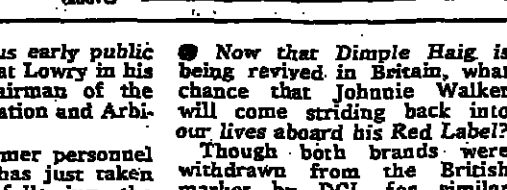
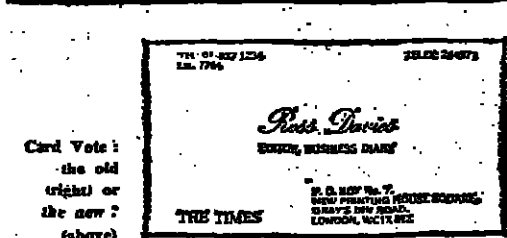
Too modest to send me his own card, Bond wrote the less described my present card as "an exposition in miniature of the Big Bang theory"—all items of essential information other than my name wanting to get as far away from me as possible.

Now I find that there have been half a dozen or more replacement Times card designs around for ages but during the Thomson ownership of the paper nobody could decide which it was to be.

The silent machines will be battery-operated, and partitioned off from the passenger cabin in the rear of the economy-class section. Initially they will be installed on the trans-Pacific routes but beware, they may spread later to the London route.

Max Cole, Singapore Airlines spokesman in London says: "We have the world exclusive rights to these machines and no other airline will be able to have them." So there is still hope yet that they may not spread.

Curse, Singapore Airlines is to introduce seven one-armed bandits on its B-747s from this June if a two months in-flight survey "on the merits of in-flight entertainment" proves positive.



One of the bastions of middle class Belgian life is under attack. The recommended retail price for bread is being undercut by a third by GB, the country's biggest supermarket chain.

For years the bread price in Belgium has been sacrosanct. An impressive lobby of independent bakers, backed by the Ministry of the Middle Classes and the bulk of solid bourgeois opinion, has maintained the price at a hefty 34.50 francs or 43p for the standard 800 gramme loaf. As a result, thousands of small bakers have prospered in a country that has become a model for de-industrialization and rising unemployment.

But this idyll of petty bourgeois endeavour may now become a thing of the past. The independent bakers are already speaking of a bread price "war" while the supermarket chain is reporting that sales are rising every day with demand outstripping supply.

Sociologists think that GB's success with its low price bread is a clear indicator of the depth of the recession in Belgium. But the well heeled middle classes in Brussels are concerned that there could be a sharp drop in the number of cake shops in the capital.

Out of place: reader P. C. J. Nair writes from Kuala Lumpur, Malaysia, to say that the remnants of the old Perak State are being sold as a tailor and a drayman. The former said Wee Kian Fatt, and the latter Soh Kian Wee.

Ross Davies

## First Quarter's Results

### BOC International Ltd.

	Three months to 31 December	
	(£million)	(£million)
	1980	1979
Sales	303.5	289.9
Trading profit	29.5	25.3
Less interest	14.9	12.9
Profit before tax	14.6	12.4
Less tax	6.5	5.3
Profit after tax	8.1	7.1
Less minority interests	2.3	1.6
Earnings	5.8	5.5
Earnings per share (net basis)	1.77p	1.69p

On a Current Cost Accounting basis Profit Before Tax was £14.9 million (CCA figure for the comparable quarter of 1979 was £12.4 million).

For full text, including condensed balance sheet at 31 December, 1980, write or phone Investor Relations Dept, BOC International Ltd, Hammersmith House, London W6 9DX. Telephone: 01-748 2020.



## FINANCIAL NEWS

## Stock markets

## Selective buying prolongs rally in equities

Selective buying helped equities to maintain their technical rally yesterday despite the escalation of the miners' strike.

Dealers remained optimistic that a solution could be found and were also encouraged by news that the talks with the Government had been brought forward. So, after a cautious start, prices pushed ahead on selective buying of second liners in a thin market. Sentiment was also helped by the first quarter figures from BOC International, at the upper end of most expectations, with the shares rising 2p to 120p, after 122p.

However, confidence took a knock when news that F. W. Woolworth was about to cut prices by up to 50 per cent in order to reduce stocks sent a shock wave through the stores sector. Dealers reported panic selling of most of the leading stores with Woolworth shares dipping 3p to 54p.

Business after hours recovered slightly, but investors adopted a cautious attitude ahead of President Reagan's first budget. Oil shares suffered a slight reaction after a firm start with jobbers well aware of the consequences should his speech be as controversial as forecast in some quarters.

Details of the speech are expected to play an important part when dealings resume in London today.

The FT index, which had been as high as 5.9 at 11 am, closed with a rise of 3.8 on the day at 489.3.

Investors again returned to the government securities market yesterday ahead of any announcement of a cut in the MLR later today and reports that inflation should bottom out by the spring. Buyers pushed prices higher in generally thin trade and the government broker was able to activate some of the new tap Treasury 12 per cent 1986 at £20 1/16.

In long prices advanced by as much as £1 in places while in shorts earlier rises of around £1 finally gave way to profit taking and the close closed with gains of up to £1/16.

Leading industrials made good headway after a slow start but closed off the top. Metal Box rose 10p to 190p ahead of news about further redundancies. Fisons also recovered after recent weakness, climbing 8p to 138p, in a bin market, as Distillers added 3p to 190p despite earlier reports that 50 per cent of capacity, Elsewhere, Lucas Industries, hard 5p to 168p on news of its solar energy venture with BP.

Note the call option activity in Turner & Newall. The shares closed last night at 73p and now higher 3p off the low for the year. *Observers say that full-year profits, due on March 11, will be better than expected.*

Smaller improvements were seen in ICI at 294p, Becton at 180p, Unilever at 435p and GKN at 149p, all 2p to 3p better.

The announcement of sharply lower prices cast a cloud over the stores sector with dealers fearing a new round of price wars. Heavy selling was reported first thing but prices appeared steadier at the close. Among the more badly affected was Boots, 3p lower at 242p, while Marks & Spencer on 121p and GUS "A" on 480p reverted to unchanged after earlier falls. Speculative buying lifted Barker & Dobson 3p higher at 16p.

In foods Dalgety's impressive first half performance was rewarded with a 6p rise to 280p with Reckitt & Colman still making the most of the cheaper pound up 4p at 196p. British Sugar held firm at 268p after announcing the loss of 750 jobs earlier in the week, but J. Sainsbury lost another 5p to 346p after an adverse broker's circular. Truhouse Forte added 2p to 192p on the back of the annual report.

Denbyware, where Minister Assets holds 15 per cent, least 14p to 86p on news of the 80p cash offer from Crown House, 2p stronger at 59p. Meanwhile, in engineering F. Pratt dipped 5p to 110p as hopes of a full

scale bid from Bardsey, up 3p at 26p, faded.

BPC retreated 2p to 131p after adverse comment about the rescue operation planned by Pergamon Press. But favourable comment lifted Milingworth Morris 2p to 16p and Lister 2p to 43p while Vinten, up 8p to a new high of 206p, and Geers Gross, up 5p at 71p, continued to make the most of recent recommendations.

Speculative attention lifted Conder International 10p to 118p, in a thin market. Futura Holdings 4p to 45p, Sangers 8p to 52p, Retardon Smith "A" 8p to 152p, and Hawthorth Leslie 6p to 148p, with Manchester Ship Canal rallying 8p to 153p after recent weakness over predicted losses.

Sumrie advanced 2p to 42p as Mr Harvey Michael Ross increased his stake to 10.1 per cent and PMA Holdings expanded 4p to 31p on its disposals and sale and leaseback details. G.M. Firth improved 7p to 67p ahead of figures and planned layoffs and Sidlaw Industries rose 3p to 121p after the chairman's bullish remarks. But shares of Change Wares were suspended at 51p pending capital restructuring.

Wedgwood's third quarter figures were judged acceptable and the shares advanced 4p to 59p with Eleco adding 4p to 61p for a similar reason. However, Birmid Quilcast's full year loss and omitted dividend left the shares 1p lower at 211p while Securicor and Security Services both shed 5p to 183p after disappointing statements.

Oils encountered nervous offerings towards the close in expectation of President Reagan's speech. BP slipped 2p to 390p along with Shell at 389p as Ultramar dipped 5p to 458p and Lamsco 7p to 632p.

Among second liners Berkeley Exploration was wanted at 238p but NCC Energy eased 5p to 99p on its United States acquisition.

Rubbers encountered a new wave of speculative buying. London Sumatra leapt 15p to 375p on hopes of an improved offer. Castelfield rose 35p to 510p. Malaysia 12p to 175p, and Malakoff 6p to 125p. Assam Trading "B" was again wanted on reflection of its property interests, rising 7p to 69p.

Equity turnover on February 17 was £104.618m (16,451 bargains). Active stocks yesterday, according to the Exchange Telegraph, were Grand Mer, Boots, Associated Dairies, GUS, "A", Sear, RWT, B.P. Shell, Acrow, ICI, Metal Box, Plessey, Reckitt & Colman and BAT.

Traded options: Dealers reported the quietest day in months as total contracts fell to only 290 of which Grand Mer attracted 17.

Traditional options saw calls made in Inveresk on 4p. Bullish on 16p and Charterhall on 9p.

## Securicor 14 pc ahead but shares lose some ground

By Rosemary Unsworth

Securicor Group managed to maintain the profits improvement of the first half through the end of the year, despite the impact of the recession on some parts of its business.

Pretax profits rose by 14 per cent from £6.9m to £7.9m in the year ending September 29, 1980, but turnover advanced by 23 per cent from £142m to £174m. Security Services, which is 52 per cent owned by the group, showed a 16 per cent increase in pretax profits to £5.2m while its turnover rose by 21 per cent to £164m.

But the group slightly disappointed the stock market by raising its total dividend by a bare 10 per cent from 2.1p gross to 2.3p, with the final up from 1.45p to 1.58p. The "A" ordinary shares dipped 5p to 183p on the news.

Mr Peter Smith, chairman of Securicor's international division, which operates through 16 separate companies, had shown the greatest increase in profitability. It grew from £97,000 to £13m, outpacing any other single part of the group. Exchange translation lost the group more than £200,000.

The traditional industrial security side and parcel service, which together account for two thirds of group profits, showed a 9 per cent increase from £3.6m to £3.9m in the United Kingdom. Finance investments and insurance rose from £1.6m to £2m, reflecting the continuing fall in the cost of insurance.

The group reached the year end with a £3m improvement in its cash balances bringing them to £13m. But the board was cautious about the current year saying that it hoped for a reasonable increase bearing in mind the economic climate, although it remained poised to make further acquisitions.



Mr Peter Smith, chairman of Securicor Group.

operations as companies made economies.

The property and hotel side showed a decline from £705,000 to £583,000, as the problems common to the rest of the motor trade affected the Ford dealership. But body building improved its contribution to the division.

Mr Smith added that the industrial security operation had also absorbed development costs on the new freight service which was performing roughly in line with expectations. The difficulties in the parcels side, apparent during the first half, had been eradicated by improved market share.

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## Interest rates will squeezing Wedgwood

By Peter Wainwright

Wedgwood, the fine bone china group founded in 1739, pleasantly surprised the stock market yesterday with its figures for the 39 weeks to December 27. Sales rose by 12 per cent to £78.2m, closing a fall in volume terms, but profits, before interest and tax, just held their ground at £6m against £6.13m in the same weeks the year before.

By contrast, operating profits in the 26 weeks to September 27 last came out at £3.2m, against £3.58m. But dear money is still hurting the group. Interest charges rose from £1.7m to £2.41m, so that pretax profits in the 39 weeks fell from £4.55m to £3.62m, which compares with the £5.81m made over the full year to March 29, 1980. Tax fell from £1.1m to £853,000, so that net profits finished £620,000 lower at £2.77m. Extraordinary items, however, absorbed £692,000, reflecting adjustments in the value of net current assets and borrowings due to variations in exchange rates and losses from the sale of Galway Crystal, totalling £556,000.

The upshot was that earnings per share slipped only from 9.1p to 7.4p. As known, the interim dividend was halved to 5p, but the better trend in third quarter profits led some observers to hope for a maintained final dividend of 3.46p.

Wedgwood has been punished hard by the strong pound and dear money. Three fifths of its china is exported and half of that goes to North America. The recent strength of the dollar against the pound came too late to benefit its latest figures which show that the group is now starting to benefit from streamlining. Natural wastage and a few redundancies have taken the world-wide labour force down from 11,250 in 1979 to 10,500 in 1980, and the group has also come to grips with the fact that its sales, which have fallen, it has also been busy opening up markets in Japan, the Middle East, Singapore and Germany.

The cost-cutting programme is being "intensified", and depending on the results, there may be several hundred more redundancies.

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## Silvermines buys Marathon stake

Silvermines, the Dublin-based mining and energy investment company, has agreed to buy a 24.7 per cent interest in the royalty of the producing part of the Marathon concession area off the south coast of Ireland, for £2.55m. It sold a 7.16 per cent stake in Aran Energy for £2.48m yesterday.

Silvermines still owns 10.2 per cent of Aran and intends to remain its largest single shareholder. Mr Ted Russell is chairman of both companies, which also share two more directors. Silvermines will pay \$578m to Cambridge Royalty of Houston, Texas, for the 24.7 per cent stake in the Marathon Royalty concession's producing area, the Kinsale Head field, and for half of Cambridge Royalty's share of the royalty on the non-producing acreage.

## De Beers reduces offerings

De Beers is reducing the number of stones on offer at its current sight, according to diamond traders in London. The reduction is estimated at around 20 per cent.

The reduction occurs against the background of a generally depressed diamond market. Low retail sales of jewelry have caused high diamond stocks in the cutting centres.

But a spokesman for the Diamond Trading Company, a London selling organization closely associated with De Beers, said yesterday: "We are doing no more than carrying out the traditional policy in time of recession."

The spokesman added: "We're not recession proof. All we can do is hang on until demand returns." He confirmed that this week's sight is smaller than recent ones. A sight is an offering by De Beers to diamond traders of uncut stones. There are 10 sights a year in London.

De Beers stresses, however, that sight prices have not been cut. In the normal way, dealers can

## Morsina raises stake in Pennine

By Our Financial Staff

Pennine Commercial Holdings, the former motor dealer aggressively expanding into property, announced yesterday that Morsina, an offshoot of the private Isle of Man-based Savings and Investment Bank, has bought a further 2.75m shares, taking its holdings to 16.4 per cent.

Two months ago Morsina sold about 3m shares as part of the settlement of Pennine's purchase of a chain of 11 petrol stations in the North West and Yorkshire for £600,000. At that time Morsina retained 2.5m shares.

It is understood that Morsina's latest stake has come from Post Dyne, an Isle of Man registered company made up of two trusts. Last July, Post Dyne let it be known that it was holding on to its shares—in total, nearly a third of Pennine—which it received after the motor group bought an Accrington Housing Estate. Meanwhile, Pennine has issued its shareholders' circular for the purchase from Prentwin Developments of an industrial estate and houses in Greater Manchester and a number of residential development sites.

## Denbyware board likely to resist £3.4m offer from Crown House

By Rosemary Unsworth

Denbyware, the stoneware and pottery manufacturer, has received the long-rumoured bid from Crown House, its biggest shareholder.

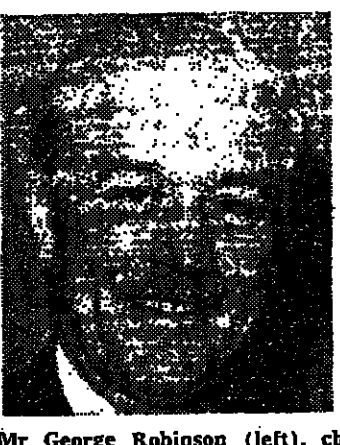
Crown, which holds 29.9 per cent, has offered 80p cash for the remaining shares, valuing the group at £3.4m. Denbyware's price immediately rose 8p to 80p on the news.

However, another big shareholder, Minister Assets, of which Denbyware's chairman, Mr George Robinson is a director, immediately bought a further 150,000 shares at 80 7/32p, raising its stake from 11.85p to 15.34 per cent.

Another Denbyware director, Mr N. D. Wood, his family and associates, account for a further 25 per cent of the equity. Later the price went to 83p and closed at 86p, 14p better.

Denbyware's board is holding a meeting this morning to discuss its reaction to the offer but it was clear yesterday that it would be extremely unlikely to accept it at present levels. In the meantime, shareholders were instructed to take no action.

Mr A. Barker, Denbyware's managing director, said that he had not heard of Minister's increased holding until after the shares had been purchased.



Mr George Robinson (left), chairman of Denbyware, and Mr Patrick Edge-Partington, chairman of Crown House.



He said that although trading had been hard recently and margins had been sacrificed, with borrowings at around 90 per cent of shareholders' funds, the group was still working a full week.

Mr Barker said that although the bid had always been aware that a 29.9 per cent holding might eventually result in a takeover offer, Denbyware had been surprised by Crown House's bid, which would go unconditional if the 50 per cent level is reached.

He also said that net assets a share, which were still being calculated precisely, were in excess of 100p a share.

Crown House's financial advisers, Gresham Trust, said that Denbyware would fit in well with the group's glassware operation, particularly for marketing. Denbyware's International Ceramics which last year contributed £350,000 to the £604,000 pretax result, was not the main interest as it was a 50 per cent associate.

## £1m Change Wares cash injection

By Philip Robinson

Change Wares, the troubled wiremesh maker and steel stockholder, called a halt to share dealings yesterday and announced that it was considering proposals for a capital reconstruction and an injection of fresh cash.

It is understood that the group is negotiating a scheme under which institutions and individuals, including directors, would subscribe for 10m new ordinary shares at par raising about £1m.

A spokesman for Change Wares' advisers, Samuel Montagu said: "We are still negotiating but because of the sensitivity of the share price we thought it best to suspend the shares. We are not in a position to give any further details, but a wider picture will emerge when the circular to shareholders is sent out, hopefully in a few weeks."

At the suspension price of 6p, Change Wares has a stock market capitalization of just over £1m.

Change Wares, which went public in 1970, hit a profits peak in 1974 of £478,000 but plunged into losses of £665,000 by 1977. In June of that year Mr Geoffrey Rose joined the group and was chairman until January last year when he and five other directors resigned in what was described as an amicable parting. In 1979 group losses were a record £1m.

Mr Rose was replaced by Mr Harold Clapham in October but told shareholders at the annual meeting that trading continued to be difficult and it was pointless to encourage the belief that the company would earn a profit in that year.

## High Swiss rates

Four of the big Swiss banks have raised their interest rates on customer time deposits with maturities from three to 12 months to six per cent from 5.5 per cent.

## Net profits up \$30m at Motorola

Motorola, the American electronics and appliances group, has reported net profits of \$186.1m (£82.3m) for 1980, up sharply from \$154.3m the year before. Sales rose to \$3,100m from \$2,700m.

Fourth quarter net profits jumped to \$49.1m from \$36.3m on sales of \$803m against \$762.8m.

Net profits of Whirlpool, the Michigan-based home appliance manufacturer, slipped to \$101.7m (£45m) in 1980, up slightly from \$101.7m the year before despite a sharp improvement in the fourth quarter. Sales for the year were down fractionally at \$2,240m.

Net profits in the fourth quarter jumped to \$34.3m from \$25.8m in 1979, on sales of \$553m, against \$519m.

The CY Tung Group said in Hongkong it had bought Dowell and Co's 49 per cent interest in Seapac Container Service for an undisclosed sum, to make Seapac a wholly-owned subsidiary.

In December, the CY Tung and Incheague groups jointly purchased 74 per cent of Pacific Seapac. Seapac's original name, from Southern Lines of the United States.

## International

Motorola said the results for 1980 were after a special charge of \$13.1m before a tax credit of \$15.4m caused by the disposition of certain assets of

Motorola's after-market Auto-sound business and the investment in Autovox, an Italian corporation. The resulting after-tax credit to earnings was \$2.3m.

The 1979 results included a special charge of \$7.9m for the disposition of the company's electronic timepiece component business and other businesses.

Kerr-McGee budget

Kerr-McGee said its 1981 capital and exploration budget would be more than \$750m (£332m), a 30 per cent increase over 1980.

The 1981 capital and exploration budget includes energy related exploration and development projects worth \$700m.

US Realty

Two groups of investors, one in Hongkong and the other in Chicago, say they hold a combined 20.9 per cent stake in United States Realty Investments and will seek representation on United States Realty's board.

In a Securities and Exchange Commission filing, Central Park of Hongkong said it had acquired a 17.1 per cent stake for about \$8.24m (£3.6m). SZRL Investments of Chicago said it had acquired a 3.8 per cent stake for about \$1.8m.

Damson Oil

Damson Oil reports a first quarter net income of \$1,066m (£461,000) against \$585,000. Revenue rose to \$6.6m

## DALGETY Food and Agricultural Products

- Half-year profits show improvement at £16.2 million.
- Interim dividend 11p per share (1979—11p).
- Spillers is fulfilling the hopes which prompted its acquisition.
- Milling had an excellent half-year, as did the UK Agriculture and Food divisions.
- Chemicals Division suffered the general problems of its industry and Milling profit fell, in line with the downturn in brewing and distilling.
- Rural agency profits in Australia and New Zealand were good.
- Canadian lumber again produced excellent results.

	Half-Year to 31 Dec 1980	Half-Year to 31 Dec 1979	Year to 30 June 1980
	Unaudited	Unaudited	Unaudited
Profit before interest and tax	£m 31.0	£m 28.1	£m 59.4
Group profit before tax	16.2	15.7	33.4
Group profit after tax	9.2	8.9	18.4
Earnings per £1 ordinary share	10.9p	15.7p	28.3p
Total group borrowings	£230m	£248m	£218m

Copies of the full Interim Report can be obtained from the Secretary, Dalgety Limited, 19 Hanover Square, London W1R 9DA.



DALGETY INTERIM REPORT 1981

فكزا من الأصل

## ELECO HOLDINGS LIMITED Interim Statement

Half Year to 31st December 1980

The profits for the first six months held up well despite trading conditions. However, owing to the opening of the recession, particularly in the construction industry, it is unlikely that the profits in the second six months will reach those reported for the first half of the year. Although the present trading climate is bleak, every effort is being made to minimise its effects. Moreover, comfort can be taken in the knowledge that the growth of our property portfolio will, in due time, more than compensate for any downturn in trading profits.

Frank Webster, Chairman

Salient points	1980	1979
Turnover	£'000 10,374	£'000 9,897
Pre-Tax Profit	773	810
Profit After Tax	464	10p
Interim Dividend Per Share	1.0p	48p

## Manson Finance Trust

Record Results

Interim Results	Six months ended 31.10.80	Six months ended 31.10.79	Year ended 30.4.80
Group Revenue	£'000 2,466	£'000 1,868	£'000 4,241
Net Profit before Tax	526	427	891
Taxation	273	222	481
Profit after Tax	253	205	397
Retained Surplus	111	62	66
Earnings per Share	2.7p	2.2p	4.3p



The Board have declared an Interim Dividend of 1.50p per share net (2.143p gross). Despite the present harsh economic climate the Group is continuing its process of prudent growth and looks forward to a satisfactory result for the year.



# FINANCIAL NEWS

## Evered still backs Francis bid

Mr John Field, vice-chairman of loss-making engineering group Evered, has again urged shareholders to accept a 22p a share offer from Francis Industries, following firm rejection of the bid by di Arabian shareholders. A 29.96 per cent stake, the r closes on February 24 and Francis is expected to announce that it will not be raised. Field said it is becoming difficult to predict any rise in demand and would s shareholders and emes best if Evered became of Francis.

Mr Saudi, Zabid Industries Investments and its asso- together with Mohamed mould Badr, who have paid o 25p a share, do not intend ing an outright offer but r to help expand Evered igh their Saudi connec- s.

Mr Saudi, Mr Yeslam Ladin, is thought to head set SA—the Swiss com- which recently disclosed 7 per cent stake in Evered. ever, the Takeover Panel no evidence of a concert / giving rise to a bid under 34 of the Takeover Code. ed shares stood at 23p rday.

## Dividend raised

Epicure Holdings is still ing ahead after achieving d results in 1979-80. the half-year to December ist, pretax profits rose from ,000 to £423,000 on turn- up from £3.89m to £5.45m. ever, Mr J. Brealey, the man, tell shareholders because of acquisitions and eals last year, the results

## Business appointments

Chairman named Hampton old mining  
Wakehurst has been ned a director and elected en of Hampton Gold Mining after the resignation of Mr Ley.  
K. P. Robinson has become ing director of Marconi mation Systems in succe- to Mr T. Mayer, who leaves mpany to take up another i the electronics industry.  
Nigel Jackson has been made ercial director of Farm Feed alators.  
Brian Jarman is now a direc- of the Medical Sickness y and Life Assurance  
John Lamb has become manager and representative tional Westminster Bank's opened representative office odinavia, based in Stock-

## Capital in and deal

gy Capital—where Mr n Ferguson Lacey iced yesterday that he en appointed chairman— United States subsidiary / Capital Resources Inc, pay Dr Paul Temple, a r and chief executive of / Capital, £170,000 cash ve him £50,000 new EC for £847,000 worth of in the Western United The deal is subject to olders' approval and if ed, Energy Capital ces Inc will issue shares some £2.5m.

## Bank Base Rates

Bank ..... 14%  
lays ..... 14%  
I ..... 14%  
olidated Crdts ..... 14%  
Hoare & Co ..... 14%  
yds Bank ..... 14%  
land Bank ..... 14%  
Westminster ..... 14%  
minster ..... 14%  
s ..... 14%  
liams and Glyn's ..... 14%  
dy deposit on sums of 0,000 and under 11% up 0,000, 12% over 0,000 13% over

## COLLEGE DEGREE

Experience & Work Experience  
Study for Bachelor's Degree in December  
SEND US DETAILED RESUME  
C WESTERN UNIVERSITY  
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The Over-the-Counter Market

Company	Price	Gross Div	Yld %	P:E
29 Airsprung Group	64	—	6.7	10.5
21 Armitage & Rhodes	43	+1	1.4	3.3
921 Bardon Hill	190	—	9.7	5.1
88 Deborah Services	95	+1	5.5	5.8
58 Frank Horsell	106	—	6.4	6.0
51 Frederick Parker	52	+1	11.0	21.2
74 George Blair	74	—	3.1	4.2
39 Jackson Group	108	+2	6.9	6.4
103 James Burrough	120	—	7.9	6.6
244 Robert Jenkins	330	—	31.3	9.5
50 Scruttons "A"	217	—	15.1	7.0
215 Torday Limited	217	—	15.1	7.0
10 Twinlock Ord	112	—	—	—
69 Twinlock 15% ULS	72	—	15.0	20.8
35 Unilock Holdings	39	—	3.0	7.7
81 Walter Alexander	103	—	5.7	5.5
181 W. S. Yeates	262	—	12.1	4.6

are not wholly comparable with the previous year. Net tangible assets attributable to shareholders have continued to rise and the board confirmed its confidence in the outcome of the current year's trading by lifting the interim dividend from 0.57p to 0.71p gross.

## Ashley Industrial optimistic

Having completed its reorganization, the board of Ashley Industrial Trust thinks that the group is likely to achieve increased turnover in the remaining subsidiaries during the financial year to April 30. The directors feel justified in approving the payment of an interim dividend of 1.5p per share, to shareholders and intended to recommend in due course the payment of a final dividend of 2.0p making a total of 3.5p for the year.

## US Debenture Corp revenue up for year

United States Debenture Corporation reports a gross revenue for the year to January 31 of £6,480m, against £5,587m. This was struck before deducting debenture interest of £101,000, the same as last year, and loan stock interest of £20,000 against £32,000.

The profit attributable to ordinary shareholders was

£3.9m compared with £3.28m. Earnings per share rose from 4.81p to 5.75p. The net asset value per share was 133.6p against 118.9p. The gross dividend was held at 7.99p.

## Interim profits dip at Eleco Holdings

Pretax profits of Eleco Holdings, the St Albans electrical engineering and construction group, slipped to £773,000 in the six months to December 31 against £810,000 the year before. Turnover was slightly ahead at £10.4m, against £9.9m.

## Martin Newsagent pushes sales up 13pc

Mr J. B. H. Martin, chairman of Martin the Newsagent told the annual meeting that retail sales, exclusive of VAT, for the first 19 weeks of the year to February 8, 1981, were £40.85m, an increase of 13 per cent over sales for the same period last year.

With regard to expansion he said: "We expect to open 12 new sites, and redevelop six existing branches during our financial year to September 27. These will add some 48,000 sq ft to our retail trading area. Our policy of divesting branches which become uneconomic will continue."

## Pick and shovel give way to computer age

I regretfully have to report that the old-time prospector is dead. That colourful figure of a thousand gold rushes and minor movie parts is to be replaced by a computer programme. Now any geologist who happens to have a computer terminal and a telephone about his person can summon up an almost instant assessment of his find's potential, using only basic information.

The new service is called "Explore" and is offered by Tymshare, an American computer services company. Tymshare is a publicly-quoted company in America with a 1980 turnover of about £240m (£106m). Its British subsidiary, Tymshare UK, is 33 per cent owned by Unilever Computer Services, a subsidiary of the huge food and trading group.

Tymshare's program does not really replace the prospector. What it does replace is his judgment at that critical moment when he—or more likely these days a company—has a find but needs to evaluate its potential before deciding whether to proceed. It is a tool for pre-feasibility study giving a broad picture of the deposit's characteristics.

## Mining

run the programme over several days. But it is here that the two chief objections arise.

Since launching the system in this country and America at the beginning of the year, Tymshare has obviously tried to sell it to mining companies. Mr Andrew Shaw-Hamilton, manager of Tymshare United Kingdom's energy division, claims that the service is much cheaper than equivalents. A full program run would cost between £1,500 and £5,000 and take less than a day. Similar work by a consultant would cost up to £15,000 and need two months. The subscription to Tymshare is £50 a month.

But possible users point out that costs can rise sharply if the program is used frequently, and especially if it is overridden. Big mining companies could find developing their own programs cheaper. Nevertheless, smaller companies, without such internal capability, could prefer to use Explore.

All companies must consider, however, whether the data base and other assumptions are adequate to their needs. Costs are drawn from 50 American mines and updated twice a year in current rather than inflation-adjusted prices. An instance of the other assumptions, of which there must necessarily be many, is that a deposit with more than 300 feet of overburden is most likely to be exploited underground.

Yet it is still early days to judge the merits and unavoidable common-sense assumptions built in to the program. One early opinion might be that the quality of information reflects the type of decision required: What should we find and is the project worth pursuing?

These are the questions over which every prospector has agonized since mining began. When the next mining boom gets under way, the well-equipped prospector will be packing a computer terminal alongside his pick and shovel.

Michael Prest  
Mining Correspondent

## AVERAGE EARNINGS

Index numbers for average earnings of employees in all industries and services seasonally adjusted covered by the monthly earnings inquiry released by the Department of Employment.

Index (Jan 1978 = 100)	Change previous 12 months	Change over 12 months annualized rate %
1979	182.1	19.2
Nov	184.5	19.7
Dec	184.5	19.7
1980	184.2	20.2
Jan	184.2	20.2
Feb	184.2	20.2
March	184.2	20.2
April	184.2	20.2
May	184.2	20.2
June	184.2	20.2
July	184.2	20.2
Aug	184.2	20.2
Sept	184.2	20.2
Oct	184.2	20.2
Nov	184.2	20.2
Dec	184.2	20.2

## Information for Siemens shareholders

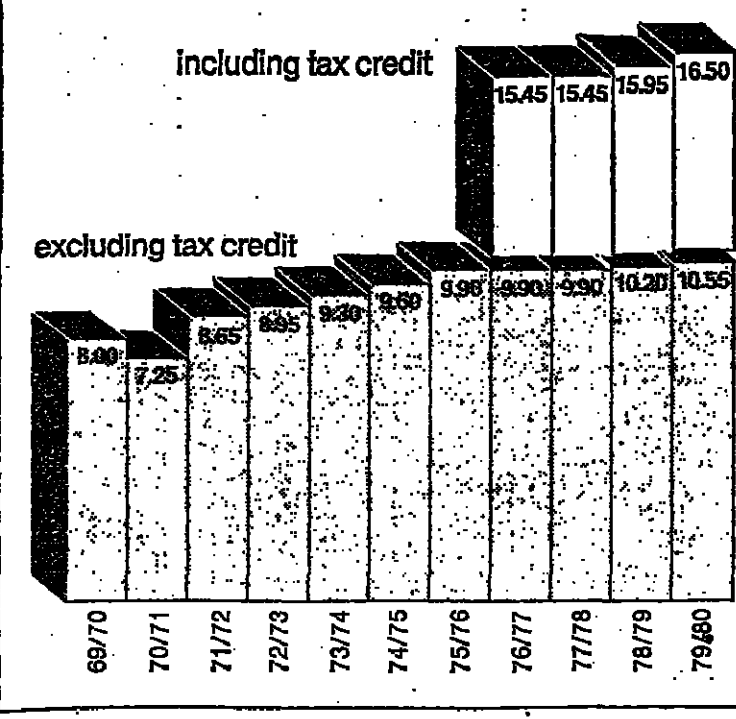
# Siemens prepares for slower growth

While new orders and sales increased during the first quarter of the current 1980/81 financial year, ie. from 1st October to 31st December 1980, growth rates were below levels recorded for the comparable period a year ago. In view of the weakening world economy, we foresee an even further slowdown over the remainder of the year.

New orders, which rose 12% worldwide for a total of £1,952m during the first three months of the current financial year, grew at a slower pace than last year when they increased 15% during the first quarter. With new orders valued at £922m, a gain of 9% vs. 20% last year, domestic business showed a clearly diminishing rate of improvement; international business on the other hand bettered last year's 10% growth, increasing 16% for a total of £1,030m for the period under review. While long-term major projects and systems business proved a good source of orders, electronic components and standard products, which are more sensitive to changes of economic climate, began showing signs of weakness. Among the orders of larger magnitude received from overseas customers were contracts for power generation and distribution systems for Saudi Arabia, five generators for the Taqaruc and Rosana hydroelectric power plants in Brazil, and local telephone cable networks for Egypt and Nigeria. In addition, the Medical Engineering Group was awarded several orders for computer tomograph units, while Kraftwerk Union received a commission to supply Spain with a 350-MW steam turbine set for its La Robla II power plant.

In £m	1/10/79 to 31/12/79	1/10/80 to 31/12/80	Change
New orders	1,952	1,030	+16%
Domestic business	849	922	+9%
International business	892	1,030	+16%
Sales	1,125	1,086	+9%
Domestic business	685	785	+15%
International business	840	881	+5%

Sales grew 9% for a total of £1,666m, a gain well below the 16% mark set during the first quarter of last year. Domestic business, with sales of £785m, brought a 15% increase, while international sales reached £881m, a 5% rise. The Medical Engineering Group and the Data and Information Systems Group showed the largest rates of growth. Inventory rose 7% for a total of £3,343m.



The total number of employees remained essentially unchanged during the first quarter of the current financial year. In the Federal Republic of Germany there was a loss of approximately 2,000 due to the scheduled departure of temporary student labour and normal fluctuation; abroad, there was a gain of about the same number owing to the incorporation into our statistics of personnel in the employ of companies acquired the previous year. Although the average number of employees was up only 3% over the first quarter figure for last year, employment cost was 12% higher, totalling £798m.

In thousands	30/9/80	31/12/80	Change
Employees	344	344	0%
Domestic operations	235	233	-1%
International operations	109	111	+2%

While spending for property, plant and equipment was 10% higher than for the same period last year, there were no major acquisitions during the first quarter. Thus, at £82m, total capital expenditure and investment was 6% less than the comparable figure for the preceding year.

In £m	1/10/79 to 31/12/79	1/10/80 to 31/12/80	Change
Capital expenditure and investment	87	32	-63%
Net income after taxes	35	30	-14%
In % of sales	2.3	1.8	-22%

The net margin – net income as a percentage of sales – was lower this year than last, namely 1.8% as compared with 2.3%, since the rising costs of wages and salaries, raw materials, purchases of semifinished and finished products, and external services could not be passed on to customers in the form of corresponding price increases. This was particularly true of international business where competition is becoming steadily greater.

All amounts translated at Frankfurt middle rate on 31st December 1980: £1 = DM 4.678.











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For further information please contact Mrs. R. Searle, Personnel Officer on 01-869 3171 or write enclosing an up-to-date resume to:

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